

Judge defied by print union over day of action

A High Court order that print workers should not be called out on next Wednesday's day of action is to be defied by the National Society of Operative Printers, Graphical and Media Personnel. The union's decision yesterday not to withdraw a "stay away from work" circular lays its executive open to contempt fines or imprisonment.

Stage is set for new industrial battle

By Paul Routledge

The National Society of Operative Printers, Graphical and Media Personnel (Natsopa) is to defy a High Court order that it should not call out its members on the TUC's day of action, next Wednesday.

The 20 members of Natsopa's executive council voted overwhelmingly yesterday not to abide by the terms of an injunction granted to Express Newspapers on Wednesday by Mr Justice Griffiths. It instructs the union to withdraw a circular urging workers to stay away from work on May 14.

The decision, which lays open Mr. Owen, Natsopa's general secretary, and his lay executive to fines and possible imprisonment for contempt of court, was taken as all four newspaper unions decided not to appeal against Wednesday's High Court ruling. The unions claim "the dice are already loaded against us" in the Appeal Court, which is presided over by Lord Denning.

The stage is thus set for another of the pitched legal and industrial battles reminiscent of the continuous conflict waged around the National Industrial Relations Court in the early 1970s when the last Conservative Government's Industrial Relations Act was in operation.

Two other print unions, the National Graphical Association (NGA) and the Society of Graphical and Allied Trades (Sogat), agreed to obey the injunction and are sending out a fresh circular withdrawing the original call for industrial action in protest at the Cabinet's employment and economic policies.

But Mr William Keys, Sogat general secretary and prominent member of the TUC General Council, said: "I would be very surprised if any May 14 papers are printed. Our members have the same feeling of frustration that we had with this Government, and I feel the majority will take a day off in response to the TUC call."

Natsopa's refusal to withdraw the circular as ordered by the High Court is likely to mean that most white collar staff and semi-skilled workers crucial to newspaper production will not work in Fleet Street on the day of action itself. In any event, publication would be impossible because the electricians have decided to strike.

The withdrawal of the strike support circular by other unions is confined to Express Newspapers, publishers of the Daily Express, the Daily Star and the London Evening Standard, in other offices they will stand.

Both Sogat and the NGA complied reluctantly to the court order with a reluctant backing the day of action and its political purpose. Mr Justice Griffiths had called the stoppage a political strike that had no protection in law.

The offending Natsopa circular, dated April 10, says that the union's executive had pledged support for the protest and adds: "On this day, the combined forces of the whole of

organized labor must challenge the Government's reactionary policy, which is intended to place the trade union movement in the situation that existed prior to the Trade Union Act of 1871.

The Government's attacks upon industrial services and public expenditure take us back to the 30s, but their employment bill is even more devastating in its attacks on trade union rights.

"Therefore members are asked to coordinate their activities with fellow trade unionists through their local trades council and to demonstrate in every way possible that the proposed legislation will not work, just as the legislation enacted in 1971 did not work."

To this end, the executive council strongly recommends and urge that members should participate on May 14 as a united body, determined to resist the present reactionary attacks on the hard-won rights of the British trade union movement. Thus it is anticipated that our members will not be available for work for the production of publication dated May 14.

The circular goes on to say that any Natsopa members penalized by an employer for supporting the day of action will receive the union's full support, and that backing is understood to have weighed strongly in the minds of some executive members. To withdraw the circular, it was argued, would remove union support for print workers who might be victimized for participating in the protest.

The national council of the NGA, which is fighting a costly wage battle with provincial newspaper and general printing employers, voted to abide by the injunction. It is entirely for the individual member to decide the part he or she plays in the day of action.

"This has always been the position. We reiterate our opposition to the Government's economic and industrial policies and hope the TUC progress will be an outstanding success."

Mr Keys said: "We have never made any secret that we are in violent opposition to the policies of this Government, which are not only anti-working class but anti-union. In the short year they have been in office, we have seen inflation double and thousands of our members put out of work. We cannot sit back and not protest."

Transport doubts: Although there were some signs yesterday that many railwaymen and busmen may ignore the call not to work next Wednesday, transport authorities could only guess at what might happen (a Staff Reporter writes).

At a meeting yesterday at Waterloo, London, 427 of the 600 British Rail staff voted to carry on working. But station staff were included in the ballot and the running of trains depends on drivers, guards and signallers.

The response of bus crews is another unknown factor. One or two London garages were reported yesterday to have had voted against stopping work.

Leading article, page 15

Denning 'test' is criticized by Mr. Foot

By George Clark
Political Correspondent

Although Mr William Whitelaw, the Home Secretary, depurizing for the Prime Minister in the Commons yesterday, was non-committal, it was clear last night that a number of ministers agree with *The Times* leader, published yesterday, criticizing the judgment given by Lord Denning in the Court of Appeal in the British Steel action against Granada Television.

Mr Michael Foot, deputy leader of the Labour Party, put it to Mr Whitelaw that the judgment could involve a serious infringement of the freedom of the press.

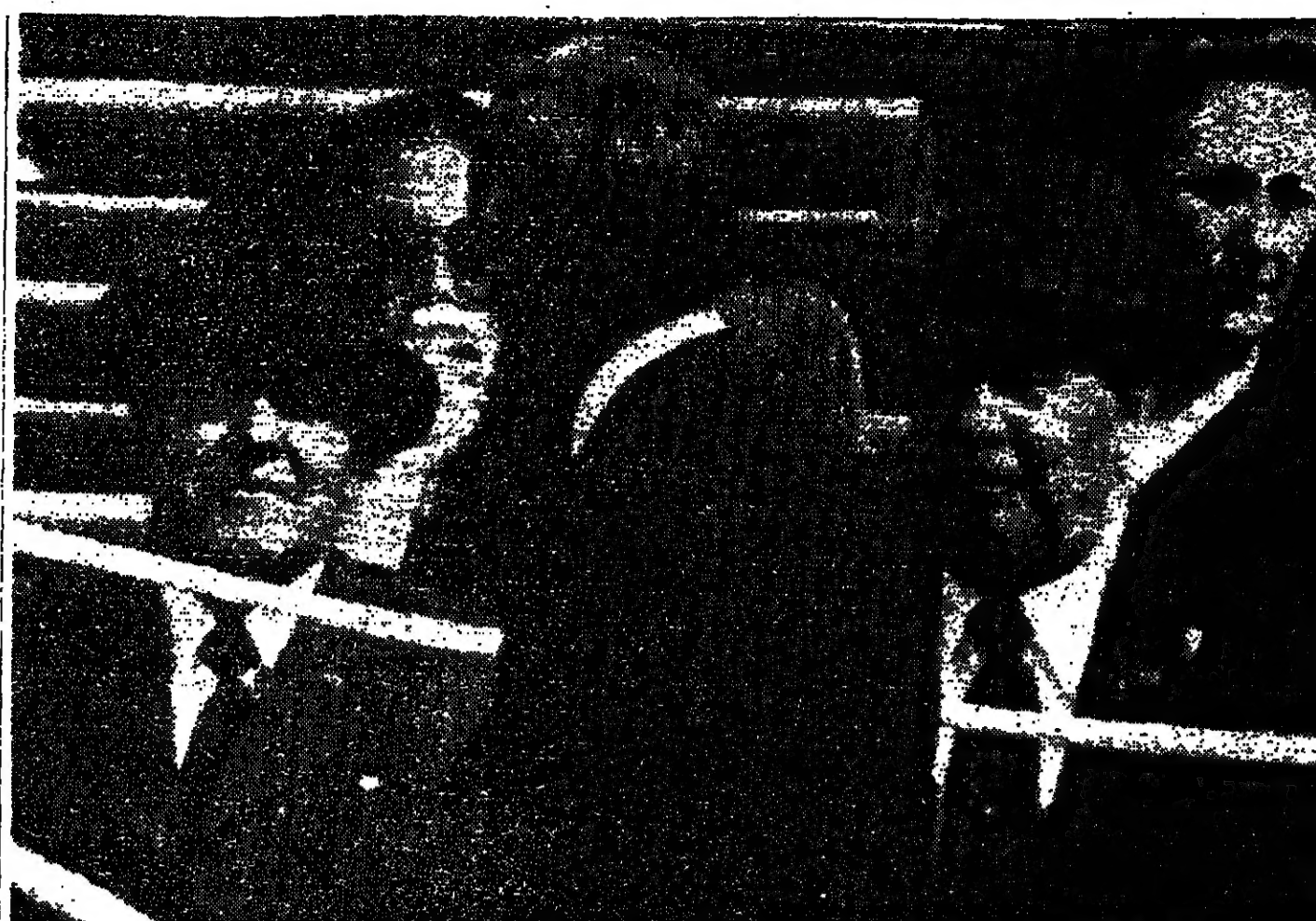
The court decision was that Granada Television must disclose the source of confidential BBC documents which formed the basis of a programme broadcast during the steel strike, called *The Steel Papers*. It argued that the corporation's troubles were not just the result of low productivity but also poor management, and that "back-door government intervention" had prolonged the strike.

Mr Foot asked the Home Secretary whether Lord Denning's judgment were upheld, which he thought would be a "rare" case, the Government would review the law and bring forward proposals which would forbid any such infringement of the freedom of the press.

Mr Whitelaw said he did not want to comment on matters which were subject to the due process of law.

Later it was clear that some ministers were worried about the implications of the case. One said that he would support a journalist who made a

Continued on page 2, Col 8



Vice-President Walter Mondale walks past President Brezhnev and Mr. Gromyko during the funeral.

World leaders pay final homage to Tito

From Desso Trevisan
Belgrade, May 8

President Tito was buried today in a plain, white marble tomb amid the flowers he had planted in the wooded grounds of his private residence in Belgrade's Dedine Hills. In accordance with his wishes there is a simple inscription

on the tomb bearing nothing more than his name and the year of birth and death.

Today's funeral ceremony was characterized by simplicity. It lasted four hours and was attended by the largest-ever gathering of foreign statesmen.

The presence of the heads of state or prime ministers of 127 countries, as well as 47 foreign ministers, made the funeral a kind of symbolic tribute to the man who from a wartime resistance leader became an internationally recognized statesman respected by East, West, and the non-aligned world.

Hundreds of thousands of people stood in silence waiting for President Tito's last journey to begin. Foreign guests gathered

in front of the Federal Assembly, where Tito was lying in state.

Among the mourners were President Brezhnev, Chairman Hua, the Duke of Edinburgh, Mrs Margaret Thatcher, Mr Raymond Barre, Herr Helmut Schmidt, and other West European leaders.

The Soviet block was represented by top party leaders, while the Third World statesmen included Mrs Indira Gandhi, and President Zia ul-Haq. King Hussein and President Assad were also there to pay their homage.

As the clock struck 12 the coffin was carried from the Federal Assembly to a gun carriage. Continued on page 8, col 7

Iran sanctions Bill to exclude bank services and existing contracts

By Fred Emery
Political Editor

The Government's enabling Bill to permit economic sanctions against Iran in explicit retaliation for "breaches of international law" in the detention of the American hostages excludes banking and financial services and while future possible British exports will not apply to existing contracts.

What ministers yesterday were describing as the minimum response to the United States appeal for allied solidarity, as the (Temple) Power Bill, being rushed through both Houses of Parliament next week in order to be in force by the May 17 meeting of EEC foreign ministers.

At that meeting the EEC ministers will decide the steps to take against Iran, and after that will any sanctions order be put into effect. Britain's exports to Iran have been recovering after the post-revolutionary slump, and are running at about £30m a month.

Lord Carrington, the Foreign Secretary, in a BBC radio interview yesterday, admitted the sanctions were "more a political gesture, more frankly." He added "the only way to get the hostages released is by intense diplomatic activity"; and he is understood to have dismissed a report that he had been told

President Carter was preparing a fresh attempt to rescue the hostages.

Ministers hope and believe that the sanctions being taken by the United States from taking further military action. As Lord Carrington put it yesterday: "When your friends are in trouble you have got to support them."

The Bill is causing political controversy in both main parties, with 70 to 30 Labour MPs reckoned likely to vote against at the end of two days' debate on Tuesday. Several Conservatives who objected yesterday—Mr Alan Clark (Plymouth, Sutton) calling it a "charade"—are expected to abstain. The Bill, however, is assured of a passage; on the Labour side there is a free vote, but on the Government side a two-line whip will be in force, meaning that MPs must be paired in order to be absent.

After publication, yesterday, ministers were at pains to explain that the new Bill must be seen as complementary to existing legislation, namely the wartime Import Export and Customs Powers (Defence) Act of 1939. Under the latter, ministers already had the power to interrupt existing contracts with Iran, although they conceded it was unlikely that they would do so. As for the exclu-

sion of banking and financial services it was insisted that voluntary and confidential arrangements seemed to be working and ought not to be disturbed.

Where the new Bill is effective is in filling in holes that will now enable the Government to meet the requirements of the original United Nations sanctions resolution which, after the Soviet veto, the allies have agreed to implement individually.

Shipment in British vessels, by sea or air, of foreign goods to Iran can now be prohibited; so can service contracts and merchanting arrangements. None of these were covered by the 1939 Act. Likewise, items not covered in the UN resolution will still be permitted, such as food and medical supplies to Iran, and the import of oil from Iran.

The Cabinet has been concerned to draw the best balance between commercial interests and the overriding concern, as senior ministers believe, of preserving the Western alliance.

Orders in Council would be required to implement any specific sanctions decided. They would come into force upon being laid, but would require Commons assent to continue beyond 28 days.

Leading article, page 15

EEC measures losing their bite

From Michael Hornsby
Brussels, May 8

The EEC trade and economic sanctions against Iran, due to go into effect without delay if the American hostages in Tehran are not on the way to release by May 17, look increasingly likely to be of little more than symbolic importance.

When EEC foreign ministers agreed last month to impose sanctions, they stated that they were taking measures to be "in conformity with" the United Nations Security Council resolution vetoed by the Soviet Union last January.

The resolution called on member states to ban the

supply of "all items, commodities or products" (other than food and medicines) to Iran, to prevent the use of their ships and aircraft in trade with Iran, and to forbid the signing of any new service contracts.

It now seems highly unlikely, however, that existing export contracts with Iran will be cancelled. It was apparent at the time the foreign ministers took their original decision that this question posed legal difficulties, and these have been confirmed in subsequent discussions.

Both France and Germany say they face legal and constitutional problems in preventing

the completion of existing contracts. In French law, it is said, such action could be regarded as expropriation and expose the Government to claims for compensation.

Italy, which has about \$3,000m (£1,300m) tied up in construction projects in Iran, and nearly 2,000 nationals working there, pleads similar difficulties.

British officials have made it clear that any action taken against Iran by the EEC must bear equally on the economies and industries of all member states.

Confusing over US orders, page 19



Mrs Parsa: Minister under the Shah's regime

Iran woman politician is executed

From Tony Allaway
Tehran, May 8

Mrs Farokhrou Parsa, a former Minister of Education during the Shah's rule, has been executed. Tehran's Central Revolutionary Court announced today. She is believed to be the first woman to die for political offences since the revolution.

Mrs Parsa, who was a minister from 1958 to 1974 in the Government of Mr Amir Abbas Hoveyda, since executed, faced a firing squad this morning.

The morning press hinted at this today by reporting that her sentence had not been decided by the court, although the death sentence was originally announced two days ago.

This and other factors raise the possibility that the revolutionary courts are being used in a new struggle among the various power centres in the country. Seven men put before a firing squad earlier this week, in a sudden new rash of executions, have been identified as members of the much-hated Bahai religious sect.

In the past such sudden and controversial upsurges of activity in the courts has invariably presaged a power struggle, usually involving key religious personalities.

According to the official Pars news agency, Mrs Parsa was convicted of plundering public property, spreading prostitution through the Education Ministry, cooperating with the Shah's secret police, expelling revolutionary teachers, and making education dependent on imperialist culture.

Mrs Parsa, aged 62, was the first woman to enter the Iranian Parliament and the first woman minister under the Shah. When she was arrested in February her husband, a retired brigadier general, was also held but there is no news of his fate.

Executed alongside Mrs Parsa this morning was another woman, Fatemeh Sadeqi, on charges of spreading prostitution, and Ali Shajal, charged with trafficking in heroin and opium.

The Archbishop of Canterbury was attacked by an Iranian official today for his expression of concern over the murder of an Iranian Christian in Tehran.

"The concern Mr Canterbury (sic) showed with such speed smells of the same humanitarianism of Carter", Mr Moussavi Garmarudi, the cultural and press adviser to the Iranian President, said.

He was replying in an interview to comments by the Archbishop following the murder on Tuesday of Mr Bahram Deghani-Tafti, aged 24, the son of the Anglican Bishop of the Middle East.

Envoys return, Iran poll, page 8

Church call to end scandal of homeless

By Frances Gibb

Changes in the law on hostels, and more funds, to alleviate the "great scandal" of homelessness in which thousands are forced to live "on the edge of despair" were called for yesterday by Anglican and Roman Catholic church leaders.

In what is said to be the first joint statement from Anglican and Roman Catholic church leaders on a social issue, Cardinal Hume, Archbishop of Westminster, and Dr Gerald Ellison, Bishop of London, said they wanted to alert people to a major social problem.

Many people are under the illusion that there is no housing problem, they said. But more than one million families are registered on council waiting lists, and in London about 1,000 people are forced to sleep every night in government-run reception centres. Many sleep on streets or in derelict buildings.

Young people were particularly at risk, Dr Ellison said: "They come to London from all over the country because they think the streets are paved with gold and there are jobs galore waiting for them. They have no money in their pockets and find themselves with nowhere to go."

They called for housing to be made an economic priority and for adequate funds to be made available to provide "decent homes at a price which those presently homeless will be able to afford."

They also urged MPs to support amendments to the Housing Bill, now going through the Commons, which have been tabled by Mr Joseph Dean, Labour MP for Leeds West. These will provide new minimum standards for hostels in respect of numbers, safety precautions and sanitary conditions.

Recent fires at London hostels and elsewhere had revealed the inadequate and confused state of legislation on these buildings, they said. "It is essential that the living conditions in voluntary hostels and government centres should be reasonable and that standards of safety should be as high as we would ourselves expect."

"Homelessness is not a sin. It should not be punished by humiliating or endangering those who fall prey to it."

The statement, which has the backing of members of the Methodist and United Reform churches, the Church Army and Baptist Union, is to be followed with a reading of a message from Cardinal Hume and Dr Ellison in all London churches on Sunday.

Among statistics presented by church members at the press conference held in London yesterday for publication of the statement were that 78 per cent of safety in hostels and lodging houses are below one of the three minimum standards, and 51 per cent are below all three of the standards.

One hostel, Bruce House, in Westminster, accommodates 300 men a night and has only five baths, it was said.

About 250,000 people were said to be on a list for those who wanted rented accommodation and in London 18,000 families were accepted by local authorities as homeless.

Since January 1978, 28 people are known to have died in hostel fires.

Siege man remanded in custody

By Stewart Tendler

A Khudsemani dock worker was remanded in custody at Horseferry Road magistrates' court yesterday charged with murder and other offences in the Iranian Embassy siege.

There was strict security round the court when Mr Fawzi Sadavi Nejad, aged 23, appeared in court for less than five minutes before being remanded until next Thursday.

Mr Nejad is charged with conspiracy with Mr Salim Towfigh and others now dead to murder Dr Abdul Fazi Ezzati, Mr Ahmed Dagher and Dr Gholam-Ali Afshar, the Iranian Charge d'Affaires.

He is charged with the murder of Mr Abbas Labasani, the embassy press attaché, and Mr Ali Akbar Samadzadeh, a student who worked part-time at the embassy, and with the assault and unlawful imprisonment of Police Constable Trevor Lock.

Mr Nejad stood in court flanked by a police guard and an interpreter.

Commander Peter Duffy, head of Scotland Yard's anti-terrorist squad, objected to bail and told Mr Edmund MacDermott, the magistrate, that if Mr Nejad was released he could give no guarantee for his safety.

SAS alert, page 3

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UN fears more Israel raids into Lebanon

United Nations peacekeeping forces in Lebanon fear that Israel is preparing to make more raids after Wednesday's ghastly commando ladies of the coast south of Beirut, in which five guerrillas were killed. Concentrations of Israeli troops carrying buses have been reported near the frontier. Israeli military leaders said the landings were only part of a continuing series of attacks on the Palestinian guerrillas. Page 8

Greek leader elected

Mr George Rallis, the Greek Foreign Minister, has been elected leader of the New Democracy Party in succession to Mr Constantine Karamanlis, the country's new President. He is expected to be appointed Prime Minister and asked to form a new government. Page 9

Opera staff defect

Five members of one of East Germany's main opera companies defected, in three separate incidents, to the West during a tour in West Germany. The identities of the defectors, a woman and four men, have been withheld for security reasons. Page 8

Fire bomb found at Cardiff Tory club

Police started a big hunt after a fire bomb was found outside the premises of a Conservative Party club in Cardiff. It had only partially ignited and caused little damage. Conservative Party officials have previously been targets for Welsh extremist groups. Page 4

Home loans warning

Mr Nigel Lawson, financial secretary to the Treasury, said that a shift to more competitive interest rates by building societies would mean higher house prices and the risk of higher interest rates throughout the economy. Any such move might jeopardize the societies' financial privileges. Page 19

TUC attacks secrecy

A right for individuals to inspect any Special Branch file kept on them and abolition of the 30-year secrecy rule on official papers are being urged by the TUC. Page 3

Offer to print union

General printing employers showed weakening resolve in their eight-week dispute with the National Graphical Association by offering to end the Association's lockout of the union's members. The offer was rejected. Page 2

Civil Service clash 'could bring crisis'

A big confrontation, posing a considerable constitutional crisis, "is not too far away" between increasingly militant Civil Service unions and the Government, Mr Peter Jones, secretary of the Council of Civil Service Unions, predicts in a paper prepared privately for a Fabian Society study group. The service's industrial relations system "requires radical overhaul if it is not to break down altogether", he said. Page 4

Fire report: Woolworth store blaze in Manchester last year likely to lead to big changes in furniture and plastics industries. Page 4

Peach inquest: No weapon from police lockers could have caused death of teacher in Southall riot, jury told. Page 6

Oman: A 10-page Special Report on the sultanate and its role as guardian of the Strait of Hormuz. Page 1

Classified advertisements: Personal, pages 25-29; Appointments, 17, 20, 26; Car buyers guide, 25. Page 25

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HOME NEWS

TUC backs person's right to see his police file and seeks reduction in government secrecy

By Donald Macintyre
Labour Reporter

A right for individuals to inspect any Special Branch files kept on them, sweeping changes in procedures for classifying government documents, and abolition of the 30-year rule on official papers are being sought by the TUC.

The proposals are contained in a TUC document sent to Mr William Whitelaw, Home Secretary, pressing the Government for a Freedom of Information Act as an essential first step to changing "the national habit of secrecy... ingrained in the British Government and British institutions".

Whitehall papers classified as "restricted" or "confidential" should be automatically declassified after five years and "secret" or "top secret" information should be declassified after 10 years, the TUC says.

The TUC Congress in 1977 demanded the repeal of the Official Secrets Act and the introduction of a Freedom of Information Act, but the new submission, drawn up last

month, follows a detailed review of policy on official information in the light of that policy.

It argues: "The health of a democracy can be measured by the existence of an informed and active citizenry which takes an active interest in decisions and thereby exerts a large measure of public scrutiny over these matters."

The TUC submission says that there should be repeal of section two of the Official Secrets Act, which it says was passed by Parliament in 1911 "without proper discussion during a wave of anti-spy hysteria".

It adds: "It is noticeable that some relatively junior civil servants have been prosecuted under the Act while 'briefings' by senior civil servants and ministers are considered quite acceptable."

Indeed the disclosure of top-secret military information (about Britain's alleged inability to defend itself) has been leaked to newspapers by senior armed services personnel for the purposes of em-

barrassing the previous Labour Government, and this practice was not checked by the threat of any prosecution under the Act.

Greater disclosure the TUC claims will directly assist unions to serve their members and deal more effectively with Government. Despite provisions in the Employment Protection Act requiring disclosure by employers of collective bargaining information, certain employers displayed extreme reluctance to disclose any information about their activities to trade unions.

Decisions by the Crown Agents, departments dealing with road and rail transport, tax free development grants to North Sea oil companies and oil company sanction breaking in Rhodesia are all cited as ones which could possibly have been avoided by open government.

The TUC says that its general council has expressed great concern about Special Branch activities and, in particular, over its suspicion that dossiers and files are maintained on union leaders, and that officials' tele-

phones are tapped during disputes.

Under a Freedom of Information Act, it says, individual trade unionists would be able to check that Special Branch files were accurate and relevant just as individuals in the United States can check Federal Bureau of Investigation and Central Intelligence Agency files.

Among examples where information would have materially assisted unions in their representative capacity, the TUC cites: the last Price Commission report on the car spare parts industry; the first Department of the Environment report on the costs of council house sales; the delay in publication of the Department of Education report on comprehensive schools; Treasury estimates for the rate of decline in manufacturing industry; British Gas reports on explosions; the "A" code rules on welfare benefit; and the secret Department of Health and Social Security report on comparative financial advantages to the employed and unemployed.

SAS 'alerted to attack on third day of siege'

By Stewart Tindler
Crime Reporter

The Special Air Service Regiment team which successfully stormed the Iranian Embassy this week was originally alerted to attack when the first deadline approached early on the morning of the third day of the siege after the gunmen became suspicious about noises they could hear from buildings either side.

According to a source yesterday, the soldiers were ready to attack at 4 am on Friday morning. Equipment monitoring the embassy showed that the gunmen could hear the sound of other equipment being inserted into the walls to observe them and the police feared they might take action.

The soldiers and the police considered whether to attack and the officer in command of the 20 SAS recommended waiting. Apart from the fact that a delay gave the soldiers more time to prepare for their eventual attack, it also gave technicians more opportunities to find ways into the embassy.

Over the weekend before the siege was ended all the bricks in the wall of one of the rooms were removed so that the soldiers could simply kick their way in from next door.

It was that which caused the huge that Mr Sim Harris, the BBC sound recorder, was shown by the gunmen just before the SAS moved in. There was nothing left of the wall in that area apart from plaster.

Yesterday Dr Gholam-Ali Afrouz, the Iranian Chargé d'Affaires, recovering from his wounds in St Stephen's Hospital,

about the safety of the other hostages and added: "I thought they would kill all of us and I was feeling very responsible... for the other people."

"I asked them if they wanted to kill me or keep me as long as they wanted. I opened my chest to them and said 'kill me and let the other hostages go out'."

During the day Scotland Yard released details of the post-mortem examinations on the five gunmen who died in the siege and the two hostages who were killed. All seven men were found to have died of gunshot wounds.

Provisional partial names were also released for the gunmen. Police say they believe they were Jassem or Fazel; Abbas or Samir; Shai; Makki; and Salim Towfigh. Beirut: Iranian-Arab students in Iraq have called for Britain to be punished for what they described as its vicious inter-



Dr Gholam-Ali Afrouz, the Iranian Chargé d'Affaires, recovering from his wounds in St Stephen's Hospital.

Robinson claim to have halted BL strikes

From Our Correspondent
Birmingham

Mr Derek Robinson, the shop steward dismissed by British Leyland as a threat to industrial peace, told a Birmingham industrial tribunal yesterday that "on countless occasions" BL shop stewards and workers had wanted to walk out "and I have played a part in avoiding this".

He added: "It was my job to make sure that agreements were carried out both by the management and men. I always adopted the attitude that agreements should be honoured, whether they are good or bad."

Mr Robinson was dismissed last November for distributing leaflets attacking plans to save BL after the employees had voted in favour of them. He claims his dismissal was unfair.

He told the tribunal that the shock of dismissal gave him such depression that he became afraid of addiction to tranquillisers prescribed by his doctor. He also had nightmares.

The tribunal has yet to agree to hear his case which it says was presented outside the three-month time limit for such claims.

Mr Robinson has argued that his dismissal date was February 8 last, when the company rejected the committee of inquiry decision. But yesterday, Mr David Turner-Samuels, QC, appearing for Mr Robinson, said that date was based on a misunderstanding over a letter from Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, who wrote of Mr Robinson's "proposed dismissal".

Mr Turner-Samuels said Mr Robinson now accepted that his dismissal took place on November 19 last, when the company first told him he was dismissed.

BL has said it will call no witnesses.

The tribunal adjourned until next Monday to allow both sides to sum up and for Mr Robinson to call medical evidence. He claims he was a sick man incapable of making proper decisions.

Shooting test urged to avoid animal cruelty

By Hugh Clayton

Shooting tests were needed to protect wildlife from cruelty, an inquiry commissioned by the Royal Society for the Prevention of Cruelty to Animals said yesterday. It said that rough, untrained and inexperienced were able to use guns.

Lord Cranbrook, chairman of the eight-member inquiry, said at a press conference in London: "The animal that is shot but wounded and not killed is the area of greatest cruelty." The inquiry team, therefore, wanted the issue of a gun licence to depend on the passing of a proficiency test which would include practising on dead animals and birds.

"We want to tell people the best way of killing animals quickly and cleanly," Lord Cranbrook said. "That is how cruelty is avoided."

Methods of killing were described in the report. "If the wounded bird is active," it said, "it is essential to grasp its body firmly, sometimes by holding the wings together over its back to immobilise it, and bring its head into a suitable position for an accurate blow."

It also describes how to dislocate the necks of geese, rabbits and hares. Mr William Jordan, chief wildlife officer of the RSPCA, said: "We welcome the report and reserve judgment." The killing of animals is something which the RSPCA as a whole dislikes. It takes the view that animals should be given the benefit of the doubt.

The compilers of the report said there was no case for assuming that fish were less likely than mammals to feel pain. Lord Cranbrook said: "It is very much more difficult for human beings to appreciate fish behaviour because the behavioural signals that fish give us are so different from ours."

Dr S. K. Eltringham, lecturer in applied biology at Cambridge University and vice-chairman of the inquiry team, said: "I think it would do no harm if children were aware of the report. This is no more gruesome than instruction in first aid." Inquiry into Shooting and Angling (RSPCA, Cussey, Horsham, Sussex, 11).

Boarding pupils offered fees help

By Diana Geddes
Education Correspondent

The leading independent schools have decided to set up a scheme to help to pay the boarding fees of children deemed in need of assistance.

The scheme will complement the Government's assisted places scheme, which is to provide assistance only for tuition fees at independent schools.

About 80 of the Headmasters' Conference schools have agreed to offer help with boarding fees for 400 children.

To be eligible, the pupils must have been accepted for an assisted place under the Government's scheme, and must also satisfy at least one of the criteria of boarding need laid down in the Newson report on public schools.

Those criteria include children whose parents are dead, or who have abandoned them or are too ill, mentally or physically, to take proper care of

them; children of one-parent families; children whose parents are working abroad or whose employment in Britain is such that the family has frequently to move; children whose aptitudes or intended course of study requires special provision not provided by an accessible maintained school; and children in families where the physical or psychological conditions are such that they could be harmful to the children's health or educational progress.

The boarding fees scheme has been set up as an initiative of Mr Ian Beer, Head Master of Lancing College, headmaster-elect of Harrow and this year's chairman of the HMC.

Mr Beer undertook not to divulge the names of the schools offering places under the scheme, but it is understood that they include Eton, Winchester, Radley, Lancing, and Westminster.

Westminster School's agreement to participate, albeit on a token basis—it is offering two assisted boarding places—is particularly interesting, for its headmaster, Dr John Rae, has been a virulent critic of the Government's assisted places scheme.

However, it is unlikely that many of the HMC boarding schools will be selected for inclusion in the Government's assisted places scheme, as their tuition fees are mostly above the £1,200 which the Government is considering making the maximum, in all but exceptional cases, for eligibility. Day fees at Westminster, for example, are £1,650.

There has been a steady decrease in boarding education in the maintained sector over the past 15 years, and only 9,000 places are now available in state schools. Two thirds of local authorities have no maintained boarding schools.

Schools ask parents for money towards books

By Philip Venning
Of The Times Educational Supplement

Dozens of schools throughout Britain are asking parents to help to pay for textbooks and other basic teaching materials, according to a survey in today's issue of The Times Educational Supplement.

Successive education spending cuts over several years have fallen most heavily on the money given to schools to buy books, craft materials, stationery and laboratory equipment. Stocks at some schools have fallen so low that the schools have had to ask parents to help.

It is illegal under the 1944 Education Act for schools to charge fees, so instead they have asked for voluntary contributions of up to £10 a family or have accepted money raised by parent-teacher associations from jumble sales, sweepstakes and even bingo.

Most schools have parent associations that raise money, but until recently it was a convention that the money should go towards buying only extras such as a minibus or microcomputer. Basic teaching materials were considered to be the responsibility of the local authority. Now many schools are

spending the cash on bread and butter items.

An appeal to parents of children at the Royal Grammar School, Worcester, for £10 each raised £6,000 this year. The money will go on mathematics books. Other schools where parents have made voluntary contributions include St George's School, Gravesend; Tudor Grange School, Solihull; Weston Favell Upper School, Northampton; and Cirencester School, Gloucestershire.

Sixth-formers at Wyedean School, Chappell, held a fashion show to raise money towards a target of £10,000 needed for textbooks. At several primary schools in East Anglia parents have also raised money specifically for books.

Growing parental involvement in schools is not restricted to fund-raising. At some schools parents have done minor redecoration and alterations such as putting up shelves.

In rural areas where village schools are being run down some parents' groups have put forward plans to pay the salary of a teacher. That has been vetoed by the local authority in most cases because the law is not clear, but at Lewknor School, Oxfordshire, and Fernhurst School, West Sussex, a way round has been found.

MPs to discuss replacing Polaris

By Henry Stanhope
Defence Correspondent

The House of Commons Select Committee on Defence is to examine the consequences for Britain's defence forces of a multimillion pound replacement for Polaris.

The impact on the rest of the defence budget of the impending government decision on the replacement of Polaris is included in the six aspects to be investigated by MPs.

They will also look at the alternatives being considered by the Government: how long will it take to acquire, build and bring a successor system into service; the dates by which the various decisions must be taken; and the individual and employment implications.

Senior Ministry of Defence officials, outside organisations and individuals are invited to give evidence to the committee, which expects to begin work

early next month. Some hearings will be in public.

Brigadier Kenneth Hunt, Director of the British Atlantic Committee, and Dr Lawrence Freedman, Head of Policy Studies at the Royal Institute of International Affairs, will act as specialist advisers to the 11 MPs on the committee.

The report is unlikely to be ready until the autumn at the earliest, by which time the Government decision on the replacement deterrent will probably have been announced.

The report's conclusions, however, will still be pertinent because the replacement programme will not move into top gear until the second half of the decade.

The Government has made clear its determination to continue with a strategic deterrent in one form or another, and is widely expected to opt for purchase of the American Trident-I

missile system. Britain would then build up to five new submarines to carry the weapons, which have a longer range and greater accuracy than Polaris.

A Trident-I package, which is the alternative favoured by the Ministry of Defence, would cost Britain an estimated £5,000m spread over 10 years.

Although senior ministers insist that that kind of investment is something that Britain can live with, there is concern about the country's submarine building capacity.

Mr Francis Pym, the Defence Secretary, recently told the select committee that he wanted to continue the balanced, broad-based contribution that Britain makes to Nato, but there is speculation that the Government may be forced to cut back to accommodate the Polaris replacement unless defence costs stabilize or the country's economic prospects improve.

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Libel damages of £2,125 over a baker's patties

Mr Rex Charles Samuels, a West Indian baker, and his wife Torencha, were awarded £2,125 libel damages in the High Court yesterday over a humorous newspaper article about patties with canine contents.

The article, in West India World, said that several people had been ill after eating patties from a well known supplier in Tottenham, north London, and that the supplier had been prosecuted.

"Look before you bite in future, it could be Rover from next door", the article said. "There has been a noticeable shortage of strays..."

Mr and Mrs Samuels' shop in

Seven Sisters Road, Tottenham, was not mentioned by the paper, but the jury found they had been libelled.

The couple had sued West India World, Lendon Publishing, its publishers, Argus Distribution, who distributed it at the time of the libel in February, 1978, and E.A.W.O. Ltd., the printers.

Mr Harry Boggis-Rolle, for the Samuels, told Mr Justice O'Connor and a jury that customers assumed the article referred to their patties. Mr and Mrs Samuels suffered great distress as well as financial loss. "This was an extremely thoughtless and careless piece of journalism", he added.

GP complaints system said to be inadequate

By Robin Young
Consumer Affairs Correspondent

The system for investigating patients' complaints about family doctors is inadequate and badly publicized, according to the National Consumer Council.

In its response, published today, to the Government's consultative document, Patients First, the council tells Mr Patrick Jenkin, Secretary of State for Social Services, that although complaints to a Family Practitioner Committee can only be about a breach in the terms of service of a general practitioner, consumers are rarely aware what those terms of service include.

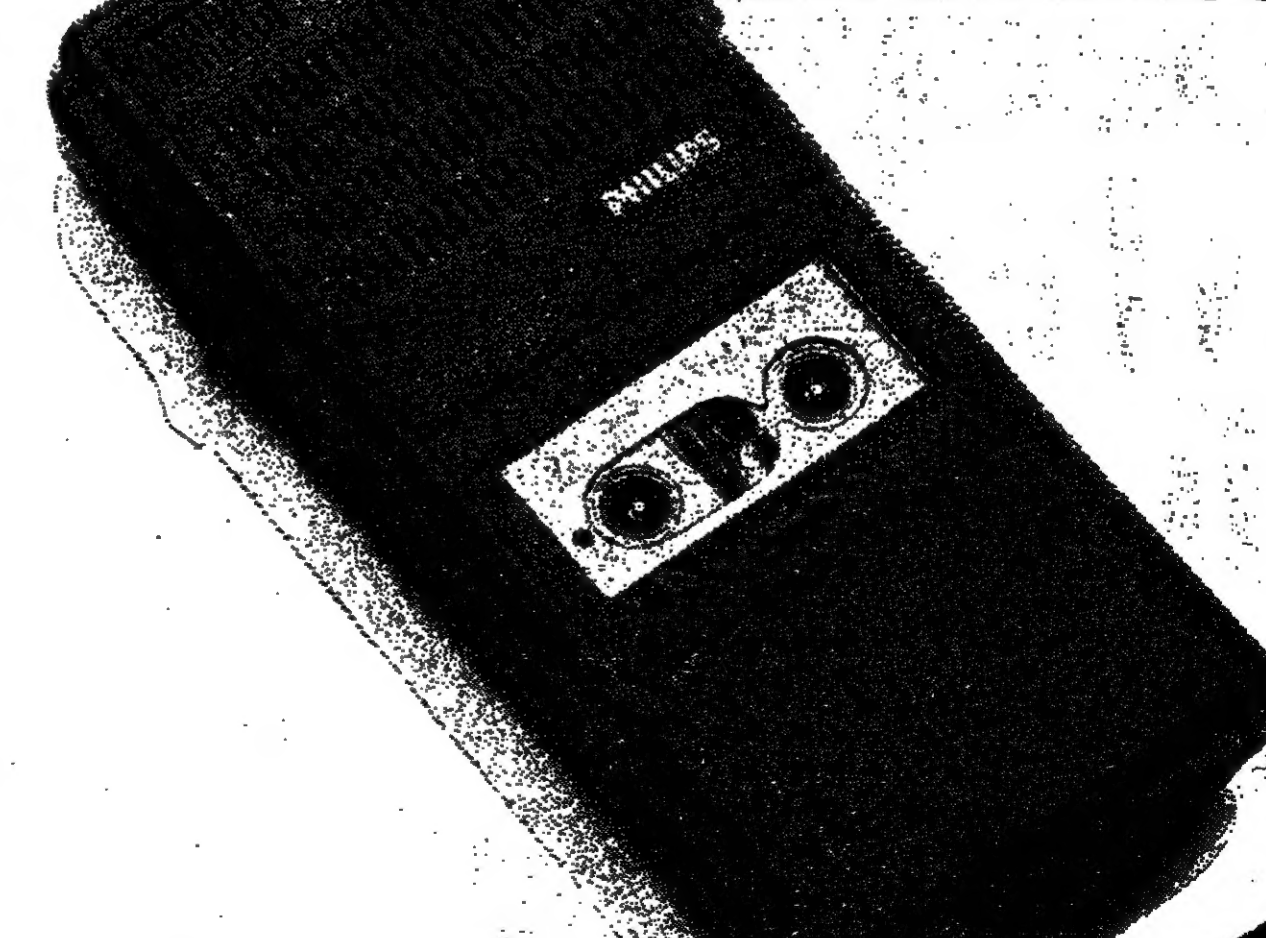
It also alleges that professional interests take precedence over those of the patient when complaints are heard.

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HOME NEWS

Militant Civil Service unions 'heading for constitutional crisis'

By Peter Hennessy

A prediction that a "major constitutional crisis is not too far away" between increasingly militant Civil Service unions and the Government is made in a paper prepared privately by a senior union figure for a Fabian Society study group on the machinery of government.

Mr Peter Jones, secretary of the Council of Civil Service Unions, the umbrella group representing nine staff associations, believes that "the increasing truculence of civil servants during the 1970s has produced a new dimension into politics". In addition to considering the art of what was politically possible, ministers now had to judge whether their staff would implement new measures.



Mr Peter Jones: "Truculence of civil servants has produced a new dimension into politics".

The benign paternalism of the old Whitley system of joint negotiations between official and staff sides has broken down because of economic decline. Governments could no longer afford to grant their servants favoured treatment. Pay agreements had been broken and ministers had ensured that incomes policies were adhered to rigidly by their employees.

He writes: "Industrial action, unheard of before 1970, is now an accepted feature and not just on pay issues... The Civil Service industrial relations system requires radical overhaul if it is not to break down altogether."

Mr Jones believes "Consideration needs to be given to the constitutional implications of increasing militancy in the Civil Service unions. For example, can any government readily face the prospect of being rendered virtually powerless?"

Participation and information-sharing are the best

remedies the Government could adopt to avoid a crisis, he adds. Prior consultation was particularly important in the setting of cash limits, the preparation of legislation and the location of work.

A further long-term remedy he proposes is better management training for Civil Service "high fliers". Only a handful of senior officials were involved in policy making compared with the numbers employed managing people and resources, yet the selection and training of those promoted for rapid promotion had a strong policy bias.

The Fabian study group, which meets under the chairmanship of Mr David Lipsey, a former special adviser to Mr James Callaghan when he was Prime Minister, is engaged on preparing a report on how a future Labour Government could reshape Whitehall in order to implement its policies more effectively.

Catterick flyover

A flyover costing £900,000 is to be built on the A1, replacing the southern roundabout at Catterick, North Yorkshire.

Hosepipes banned

Hosepipes will be banned in parts of the West Country from next Tuesday in an attempt to forestall a possible drought.

Fire bomb is found at Cardiff Tory club

By Peter Jones

A big police hunt was started in South Wales yesterday after a fire bomb had been discovered outside the rear window of the Fairwater Conservative Club, in Cardiff. The device, which was partially buried in a gallon of petrol, primed by batteries and a timer, did not catch fire and little damage was caused.

Police said the device was similar to those planted in March at Conservative offices in Cardiff and Shotton, and at the Plesing railway station in Portmadoc.

Unlike the other incidents, no one had claimed responsibility for the attack last night. A woman telephoned the club yesterday morning to ask whether anything had happened during the night, and police have asked her to come forward to say if her call was a coincidence.

More than 80 detectives have been put on the case and are making house calls on known members of extremist groups. After the March bomb attack on the Conservative Party headquarters for Wales in Cardiff, police arrested about fifty people, in days since, five people were charged with offences allegedly connected with the arson campaign against holiday homes.

After the first Cardiff fire bomb a letter sent to the BBC in Cardiff claimed: "We call on Welsh people to resist the British Government and its lackeys, who care nothing for us. The enemies of Wales will not close our vital industries without a fight. Be warned. It was signed 'Free Wales, Cymru am Byth' (Wales for Ever)."

Last night Mr Victor Simpson, deputy Conservative Central Office agent for Wales, said: "For more than 18 months now security at our offices has been increased, although it is obviously not possible to guard them 24 hours a day. We call on these people to halt before their activities result in a loss of life."

Woolworth disaster may bring furniture-making changes

Fire report will shake industries

From John Charters

Woolworth, Cheshire. The full report on the Woolworth store fire in Manchester which killed 10 people last year is likely to be made public this month, it was said yesterday at a conference in Woodford on the hazards resulting from new types of furnishing materials that can give off toxic gases when burning.

The conference was told by Mr Donald Christian, Home Office inspector of fire services, that production of upholstered furniture with reduced flammability was "a matter of the utmost urgency". His remarks and the impending publication of the report, are likely to have fundamental effects on the furniture and plastics industries throughout the world.

New Home Office regulations on furniture manufacturing are likely to result from the report. Yesterday's conference, on fire hazards from textiles, was called by the Shirley Institute,

recognized as the world's leading textile industry research organization.

Seventy delegates were told by Mr Christian, and Mr George Nica, head of the Fire Research Station at Borehamwood, that a report by a subcommittee of the joint fire prevention committee into the Woolworth disaster was now with the Home Secretary and other ministers. It would probably be made public through Parliament in the next three or four weeks.

Pressure for the report to be made public has been kept up for nearly a year by several Manchester MPs, notably Mr Alfred Morris, Labour MP for Wythenshawe. The inquiry on the Woolworth fire victims heard of the effect of noxious fumes released from burning furniture which contained plastic foam padding.

Mr Christian told conference delegates: "I cannot overstate the urgency of the need to bring domestic and residential

upholstered furniture back towards the level of fire performance prevailing before the introduction of polyurethane foams in all or any sort of form."

There was a case for saying that the fire performance of foam-filled furniture was not worse than the traditional type in all respects, Mr Christian said.

"It is, however, the speed of development of fire which I think makes all the difference by virtue of its effect on available escape time."

Mr John Fishbein, of the Dunlop division of Dunlop Ltd, one of the world's biggest manufacturers of upholstery filling materials, said that hundreds of thousands of pounds had been spent in Britain, and probably several million in the world, on research into the effects of smoke and toxic gases from polyurethane flexible foam in fires.

New body will coordinate help for crime victims

By David Nicholson-Lord

The formation of what is thought to be the first national body in the West to coordinate voluntary help for victims of crime was announced yesterday. It will be known as the National Association of Victims Support Schemes and will be a clearing house and lobby group for the 65 support schemes set up since the first experiment in Bristol, launched seven years ago by the police and the National Association for the Care and Resettlement of Offenders.

The experiment showed that due to five victims suffered serious distress and a further one in five needed practical advice on matters such as compensation, security for their homes and their part in the judicial process which followed. Almost half the 500 victims were said to have received valuable help from volunteers.

Most referrals, which come from the police, are said to result from burglary or theft; the severity of the offence bears little relation to the emotional effects on victims, the association says.

People often feel that their homes have been contaminated by a burglary even if nothing has been stolen, and many want to clean all the contents, a reaction known as the Lady Macbeth syndrome.

Mr Charles Irving, Conservative MP for Cheltenham, the new president of the association, said the effect of a burglary was ghastly for the average person and "indescribable" for the elderly. As well as advice, victims needed "comfort, company and care".

The association will promote new schemes within an agreed code of practice which entails the support of the local police and probation services and a system for selecting and training volunteers.

Brothers get life jail for wood killing

Two brothers were jailed yesterday at the Central Criminal Court for life for what was described as the motiveless killing of Mr John George, aged 58, a water board official.

Mr Justice Mansfield said: "The jury have found you both guilty on abundant evidence of the murder of John George in horrific circumstances."

Jason Richards, aged 20, and his brother, Nikola Manikou, aged 22, shot Mr George in a Surrey wood in April last year, it was stated. They shot him three times in the head at close range and bound and gagged his body, leaving it buried in undergrowth.

Mr Richards, of Christchurch Road, Boscombe, Dorset, and Mr Manikou, formerly of the Old Manse, Beckington, Bath, fled to Bournemouth and then to Guernsey, where they stole a yacht and sailed for France.

A Guernsey fisherman saw their stolen boat in a small Brittany harbour and an international police operation was launched to bring them back to Britain.

The French police arrested them on board the yacht, and found two guns and ammunition. One was the weapon which killed Mr George. The brothers were extradited.

The Crown offered no explanation why the two men killed Mr George.

Mr Barry Hudson, QC, for the prosecution, said: "There is some evidence that Mr George was a lover of country things, particularly birds, but we cannot speculate why he went to that spot with two total strangers and obviously went willingly."

"There is certainly nothing sinister in Mr George's conduct. At the time he met his death he was carrying on his lawful business." Mr George lived with his wife in Surrey and was murdered and then "savagely treated after what must have been his immediate death".

Both defendants denied murdering Mr George.



Mr Ewen MacPhee leaving hospital yesterday.

Heart man flies to soccer final

Mr Ewen MacPhee, at 23 one of Britain's youngest heart transplant patients, left hospital yesterday with two main objectives, to be reunited with his family and the hope of seeing Celtic beat Rangers in tomorrow's Scottish Cup final.

He will fly to Scotland with his wife and daughter, Jacqueline, who have been staying near Papworth Hospital, Cambridge, where he received his heart, 12 weeks ago.

"I feel a lot healthier and I can do a lot more than before. I want to get a job, but obviously I would not be able to go back to my own work as a builders' labourer," Mr MacPhee said.

At first he will stay at his mother's home in West Drive, Inverness.

Mr Paul Coffey, also 23, another heart transplant patient, also went home from hospital last night, less than 11 weeks after the operation.

Mr Coffey, nurse at New Cross Hospital, Wolverhampton, had moved from Papworth Hospital to East Birmingham Hospital.

Both of Britain's latest transplants are meanwhile doing well in hospital.

Mr John Gardiner, aged 44, who was operated on at Harefield Hospital, Middlesex, had mended only between men and women, who have tosh evidence of their sex by producing their birth certificates.

The men received their new hearts within hours of each other on Tuesday.

Mr Peter Drummond, a Highland Region councillor, told the committee: "The Highlands regarded not only in Britain but throughout Europe as one of the last bastions of unspoiled beauty, and we are prepared to stay here and look after it. But we cannot afford to go on treating people as our biggest export."

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Transsexual threatens to take Britain to court

By Lucy Hodges

Miss April Ashley, who has a sex change operation, is threatening to take the British Government to the European Commission of Human Rights if it does not abide by a recent decision made by the commission.

In common with other transsexuals, as they are called, Miss Ashley, who was born George Jamieson in Liverpool in 1935, is demanding the right to be described as female on her birth certificate, and the right to marry a man.

Last month the European Commission ruled on those points in favour of a Belgian transsexual, a woman who has a sex change.

In an unanimous decision found that the Belgian Government had failed to respect the privacy of Mr D. Van Oostewijk, who is an official with the Commission of European Communities in Brussels.

Belgium had refused to recognize an essential element of his personality, his sexual identity resulting from his change of physical form, his physical make-up and his social role.

"In doing so, it treats him as an ambiguous being, an 'appearance', disregarding in particular the effects of a lawful medical treatment aimed at bringing the physical sex and the psychological sex into accord with each other."

In a second decision the commission concluded by seven votes to three that Article 14, which says men and women have the right to marry, has also been violated.

The commission has referred its decisions to the European Court of Human Rights, which is deciding whether to make them legally binding.

If the British Government decided to bring the policy into line with the decisions of the court, it would have to be changed. A present transsexuals are not allowed to change their birth certificates, which are seen as records of fact at the time of birth and are governed by the Births and Deaths Registration Act, 1953.

Moreover, marriage is permitted only between men and women, who have tosh evidence of their sex by producing their birth certificates.

Transsexuals, who have become women, cannot retire at 60, the retirement age for women.

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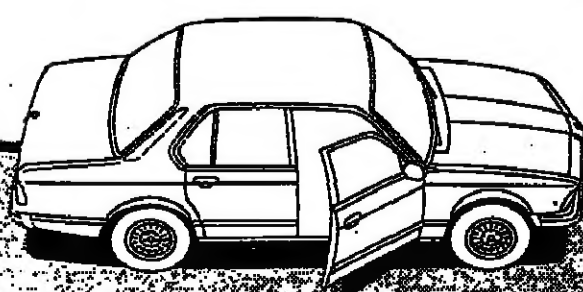
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OVERSEAS

Mr Botha weathers right-wing backlash to his racial policies

From Nicholas Ashford
Cape Town, May 8

Mr Pieter Botha, the South African Prime Minister, today announced that his Government has accepted proposals which will give Coloureds (people of mixed blood) and Indians a limited say in the future running of the country.

The recommendations, contained in the majority report of the Schlebusch commission of inquiry into the constitution, which was tabled in Parliament today, also provide black South Africans with a foot in the door of political decision-making by means of their own Consultative Council.

However, the recommendations were immediately denounced as a "waste of taxpayers' money" by Dr Ntsho Moriana, the leader of the Soweto Committee of Ten.

Any proposal for amending the country's constitution that did not address itself to the main problem of South Africa—the position of the black man—was a waste of time, he said. He added that the commission's report was an attempt to get Coloureds and Indians to gang up with whites against the blacks.

The main recommendation of the Schlebusch Commission, as reported in *The Times* earlier this week, calls for the scrapping of the existing Senate as from January 1, 1981, and its replacement by a President's Council comprising 60 whites, Coloureds, Indians and Chinese.

The council, which would have advisory powers only, would be presided over by the Vice-President. Sources here today suggested that the post of Vice-President, which would be a new one, could be given to a non-white.

The Schlebusch Commission also recommends the nomination of 20 additional MPs who would be appointed on a proportional basis by the leaders of each political party in Parliament.

On the basis of the present make-up of Parliament it would mean that the ruling National Party would have 17 of the new seats, the Progressive Federal Party (PFP) two and the New Republic Party (NRP) one.

In a minority report the PFP members of the commission objected to the proposed creation of the President's Council on the ground that blacks were excluded. They said the creation of a separate Consultative Council for blacks would "not promote the process of 'non-racial' development in South Africa."

The four PFP and the three NRP members of the commis-

sion also rejected the recommendation to increase the size of Parliament by 20 nominated MPs.

Mr Botha announced his acceptance of the majority report of the Schlebusch Commission shortly after the result of the election in the National Party showed that the National Party had successfully fended off a strong attempt by two right-wing parties to gain control of the seat.

Mr Fieppie Olivier, the National candidate, held the seat with a majority of 3,337 against a double challenge from the ultra right-wing Herstigte Nasionale Party (HNP) and the recently formed National Conservative Party (NCP).

Although the national majority was reduced by 1,800, the party performed much better than had been expected. Mr "Valkoen" van Rensburg, the NCP candidate, lost his deposit which means that the attempt by Dr Connie Mulder, the disgraced former Minister of Information and party leader, to make a political come-back is likely to prove abortive.

The Fauresmire result is expected to be interpreted by Mr Botha as an indication that the right-wing backlash against his "reformist" policies, which started to develop several months ago, is subsiding.

However, it remains to be seen whether he will now feel able to revert to the policy of cautious change which he embarked on after he became Prime Minister 20 months ago but which he found necessary to place in cold storage in the face of strong right-wing pressure from within his party.

It is no coincidence that the Schlebusch Commission's proposals should have been published at the same time as the Fauresmire result as the adaptation of the constitution is a central part of Mr Botha's attempt to ease racial tension inside South Africa.

By giving Coloured and Indians a limited role in the political life of the country he hopes to regain the support of these two communities which have been alienated by the policies of previous NP governments.

It may prove a vain hope, however, as many Coloured and Indian leaders have already indicated they will have nothing to do with the new President's Council because it will not include blacks as well.

The mood in the Coloured and Indian communities increasingly favours the establishment of a unitary state in which every adult would have a vote regardless of colour.

More Israel attacks expected in Lebanon

From Robert Fisk
Beirut, May 8

There are signs in southern Lebanon that last night's raid by Israeli naval commandos on the coastal road between Sidon and Beirut may be only the first of a series of attacks on Palestinian guerrillas in the country.

United Nations contingents south of the Litani river have observed large Israeli troop manoeuvres—including the use of helicopters—near the village of Khiam—and their headquarters has just received reports that up to 100 lorries and buses for carrying soldiers have been assembled along the northern border of Israel.

Although there has been no official communiqué from the United Nations, their troops have been alerted to the possibility of a large-scale Israeli incursion in the next few days, perhaps reaching north of the Litani.

There has, of course, been no hint from the Israelis that such an operation is being contemplated although Lieutenant-General Raphael Eitan, the Israeli chief of staff, did say this morning that last night's raid into Lebanon was aimed at "making war on terrorists".

In the night attack, Israeli troops killed five Palestinian guerrillas on the main coastal highway south of Beirut and wounded six others. The Israeli force, estimated by the local authorities in Sidon to number about 150, set up road blocks near Sakskieh 30 miles south of Beirut and near Damour, a once Christian village which the Palestinians destroyed during the civil war and then repopulated with the own refugees.

Several stone throwing incidents were reported in the walled old city. Border police arrested nine people.

In the Ramallah area north of Jerusalem, the Aina Yabroun refugee camp was ordered under curfew.

Police denied this. They said

there was a disturbance near the Temple Mount in Via Dolorosa. Arabs threw stones at students going to the Wall for prayers.

Arabs told police they heard shots and four Jews were held for questioning and later released. An Arab suspected of having thrown a bottle was detained.

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Palestinian guerrillas examining a patrol car wrecked by Israeli raiders

The Israelis succeeded in ambushing two Palestinian guerrillas Jeeps and were then apparently engaged in a short gun battle by local leftist militiamen. The Israelis returned home by sea unscathed.

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India welcomes Carter move on nuclear fuel

From Richard Wigg
Delhi, May 8

The Indian Government today welcomed as a "positive development" President Carter's decision to move swiftly on the delivery of nuclear fuel and parts to India was taken principally as a result of the Soviet invasion of Afghanistan, according to White House officials today (our Washington Correspondent writes).

Before Moscow decided to embark on its military venture, the Administration was torn between improving its relations with India and upholding its nuclear non-proliferation policy, the officials said. But after the Soviet invasion of Afghanistan, India was seen as a important country with which the United States had to improve its ties and this had taken priority over other considerations.

Mr Carter's decision involves asking the nuclear Regulatory Commission here to approve promptly export licenses for 19 tons of low enriched uranium and a further 19 tons of nuclear materials used for the manufacture of fuel rods.

If the commission refuses to approve the licence or drags its feet, Mr Carter has said he will issue an executive order to bypass it. This could be overturned only by a vote in Congress.

According to the officials, the Pakistan Government was informed in advance of Mr Carter's intentions.

Mrs Gandhi had not followed

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Archbishop Runcie to meet the Pope today

Accra, May 8.—The Pope flew back to West Africa from Kenya today for a historic meeting with the Archbishop of Canterbury, the Most Rev Robert Runcie. They are to meet tomorrow at Kumasi, about 125 miles north-west of Accra.

The Pope and the Anglican leader head the two biggest Christian churches in Africa. Archbishop Runcie has flown to Africa to inaugurate a new diocese in Zaire and visit churches of the Anglican communion.

Arriving in the fourth of the six countries he will visit on his 11-day, 11,000-mile tour, the Pope is expected to be welcomed by a large crowd at the airport. "I have come as your friend," he has said. "I have come with you as a father and brother to rejoice with you in our common faith."

As he stepped down from his aircraft, thousands of young people danced and sang on the runway.

Later at a meeting with President Hilla Limann, he urged the people of Ghana, whose economy is in a battered condition, to work together to produce more in the country.

The Pope was apparently alluding to political tensions between President Limann and Flight-Lieutenant Jerry Rawlings, who led a coup last June, and a low production of cocoa, Ghana's economic mainstay.

It is his hope that all citizens will loyally work together without letting barriers arise between individuals and groups," he declared.

In an appeal for a better deal for farmers, he asserted that society should regard agricultural labour as ennobling the status and dignity of the rural population. This should be constantly improved.

The Pope continues his tour on Saturday, will visit Upper Volta and the Ivory Coast.—UPI and Reuter.

Tito break with Moscow recalled at funeral

Continued from page 1

Draped in the Yugoslav national colours the gun carriage stood there while Mr Stevan Doronjski, the president of the 24-member party Praesidium delivered his farewell tribute to Marshall Tito pledging to pursue the ideas he had stood for.

Behind him stood Mme Jovanka Broz, the President's widow, flanked by his sons from his previous marriage. The national anthem was played and then the funeral procession began to move slowly.

The people outside the parliament building and the streets bowed their heads. The silence was complete until the Guards band began to play funeral marches.

The procession moved on foot, with the President's family behind the gun carriage, followed by Yugoslav's top leaders and war veterans. A forest of flags was carried by officers of the three services.

The foreign guests stayed behind. The funeral procession was entirely a Yugoslav affair, moving slowly along the three-mile route.

It was four in the afternoon when the coffin was lowered

into the tomb. In his farewell tribute Mr Doronjski reiterated his successors' resolve to continue where he had stopped.

"With Tito we have matured and gained a knowledge that we can survive as a united and strong country only if we are a society of equal nations and only if we bear in mind that our future lies in maintaining Yugoslavia's non-aligned position, unity, and independence. Our destiny is today in our hands," he said.

He also recalled Tito's break with Moscow in 1948 asserting that this was a "turning point" in the history of the Yugoslav Communist Party.

As the coffin was lowered and the 48-gun salute was fired the assembled representatives filed past to pay their last homage.

The presence here at Tito's funeral of foreign statesmen has provided opportunities for informal contacts between East and West. Herr Schmidt met the Polish and East German party leaders, as well as Vice-President Miodovale of the United States. Mrs Gandhi met President Breznev.

However, the Russians and Chinese both said they had no plan to meet one another.

Foreign report, page 17

Muskie talks to Mr Gromyko confirmed by US

Washington, May 8.—Senator Edmund Muskie, the Secretary of State, will meet Mr Andrei Gromyko, the Soviet Foreign Minister, in Vienna next Friday, the State Department announced today.

Mr Muskie said it is "highly unlikely" that the meeting would involve detailed negotiations. It did not signal any change in the American opposition to the Soviet presence in Afghanistan. "It can hardly be taken as anything but a desire to keep communications open," he said.

The meeting was agreed to on Wednesday. The announcement was delayed until Senator Muskie's appointment was confirmed by the Senate.—AP.

Cuban emigrants attacked by crowd in Havana

Havana, May 8.—Supporters of President Castro last night assaulted, stoned and jeered hundreds of Cubans seeking emigration papers.

A group of middle-aged people were stoned by youths as a woman shouted: "Kill them, kill them! A young woman punched an old man and another slapped a woman's face, shouting: 'Get out, scum!'"

There were no immediate reports of injuries. Police rescued several emigrants from their attackers.

More than 20,000 refugees have left Cuba, mostly in boats brought by Cuban exiles to the port of Mariel, since an estimated 10,000 people sought asylum in the Peruvian embassy a month ago.—Reuter.

British envoy reports on embassy siege

By David Spanier

Diplomatic Correspondent
Sir John Graham, the British Ambassador to Iran, returned to Tehran yesterday. His first task will be to pursue efforts to secure the release of the American hostages, in the perhaps improved atmosphere—so far as government circles are concerned—created by Britain's success in lifting the siege of the Iranian Embassy in London.

[Sir John yesterday told President Bani-Sadr of Iran about the embassy siege (Reuter reports from Tehran).]

The EEC ambassadors in Tehran have yet to meet President Bani-Sadr, to report on the Nine's decision to impose economic sanctions against Iran from Saturday week.

He had once insisted that the seven-man commission investigating the rigging should also take charge of the conduct of the second round. His failure on this just adds to the long line of political defeats since his election in January.

Now he must wait for tomorrow's votes to find out whether the parliament will simply add to his misery.

The present indications are not encouraging. The "grand coalition" headed by the powerful Islamic Clergyman Party (IRP), led by clergymen who have doggedly opposed the President, is virtually all major issues, including the hostages, is expected to repeat its first round success when it won the majority of the 81 seats decided.

The belated realization of this trend has led to some surprising shifts in political alignments.

Both the former presidential candidate, Mr Hassan Habibi, and the former Prime Minister, Mr Mehdi Bazargan, who won seats in the first round, this week urged voters to rally behind Mr Massoud Rajavi, the

Five E German opera members defect

Wiesbaden, May 8.—Five members of one of East Germany's leading opera companies have defected to the West during their tour of West Germany, officials said today.

The defections began on Sunday when a woman with East Berlin's Komische Oper slipped away from this hotel in Wiesbaden and asked police for help in defecting to the West.

Three other members escaped yesterday on the pretext of going to a private music practice. A fifth asked police for help shortly after the company arrived in Ludwigshafen today.

The woman had abandoned her husband and colleagues in a carefully-prepared flight to the West. "She had everything carefully prepared," said Joachim Weber, a Wiesbaden immigration official said.

"She had planned her flight

to the West for over a year, gradually smuggling all important documents into the West so that nothing essential remained in East Berlin."

The woman, whose identity was not given, was taken on Sunday to a guarded flat in the Wiesbaden area. Her husband, also a member of the company, was in Ludwigshafen on Sunday preparing for performances.

"She showed no qualms about leaving him and seemed certain he would go back to East Berlin."

Herr Weber said some mystery surrounded the whereabouts of one of the three men who defected yesterday. "Two of the three have made themselves known to us. They told us they had got away after telling the director they wanted to practise quietly on their own."

But one of the three appears still to be in East Germany.

The identity of all five was kept secret for security reasons. "The man who defected here still has family in East Germany and so we want to avoid publicity," a spokesman for the Wiesbaden police said.

Under West German law East German opera companies, not have to apply for political asylum and usually receive West German identity papers with ease.

The Komische Oper is one of East Germany's two elite opera companies, ranking above the State Opera. The company arrived in Wiesbaden last week for a rare guest appearance, performing at Wiesbaden's My Cultural Festival. It is scheduled to give its last performance on Sunday, then return to East Berlin.—UPI.

Iran's election unlikely to help Mr Bani-Sadr

From Tony Alloway

Tehran, May 8

Armed with orders from Ayatollah Khomeini to select only "100 per cent Islamic" candidates, Iranians go to the polls tomorrow to fill the remaining seats in the country's first Islamic parliament. Among its duties the parliament has been charged with deciding the fate of the 50 American hostages held by militant students.

Having been summoned to the polls on six previous occasions in the last 14 months enthusiasm for elections is noticeably waning. No one is predicting a tight turnout for tomorrow's voting, in which 189 of the 270 parliamentary seats will be decided from among 378 candidates.

There is some surprise that the election, the second round of voting for the parliament or Majlis, is finally taking place at all. Already five weeks overdue, it took a firm message by the ayatollah last night to confirm tomorrow's poll.

Only hours earlier President Abolhassan Bani-Sadr had urged a further delay of at least a week while an investi-

gation of rigging in the first round on March 14 was completed.

He had once insisted that the seven-man commission investigating the rigging should also take charge of the conduct of the second round. His failure on this just adds to the long line of political defeats since his election in January.

Now he must wait for tomorrow's votes to find out whether the parliament will simply add to his misery.

The present indications are not encouraging. The "grand coalition" headed by the powerful Islamic Clergyman Party (IRP), led by clergymen who have doggedly opposed the President, is virtually all major issues, including the hostages, is expected to repeat its first round success when it won the majority of the 81 seats decided.

The belated realization of this trend has led to some surprising shifts in political alignments.

Both the former presidential candidate, Mr Hassan Habibi, and the former Prime Minister, Mr Mehdi Bazargan, who won seats in the first round, this week urged voters to rally behind Mr Massoud Rajavi, the

leader of the radical Islamic guerrilla group Mujahedin Khalq.

Mr Habibi is supposedly a candidate of the "grand coalition" which has done its best to eliminate the guerrilla group from parliament by fair means or foul. Mr Bazargan himself once expressed the fear of radical and leftist groups gaining access to parliament.

This time the two said the parliament needed a "political balance" a statement that earned a scolding from Ayatollah Khomeini in last night's message. "This is a mistake fabricated by devils to get into parliament by trickery," he declared.

On the other hand political observers caution against expecting too dire consequences if the "grand coalition" sweeps the polls. Some of those named in the coalition, they say, will not necessarily toe a rigid party line and thus one cannot predict exactly how parliament will line up even after the results of tomorrow's voting.

In an election contested along personality rather than party lines this is just one of the unpredictable. It is also un-

certain exactly how the complicated constitutional structure will work in practice and how much power the parliament and executive will enjoy.

President Bani-Sadr has constantly emphasized the need for a parliament that follows his line while the Islamic Republic Party wants a parliament that very much keeps the President in line.

This, many observers fear, would only be substituting for the present situation, with the Revolutionary Council, which the parliament will replace, being largely ineffective and the president even more so in an unending struggle for control of the country.

The struggle took a new turn this week with the announcement that the President had been given permission to appoint his prime minister, and consequently his government, before parliament sits.

Since it is normally parliament that must give the government a vote of confidence the move is seen as a pre-emptive strike by the President, which he hopes will persuade the parliamentarians to submit to his will, or face further inaction on vital issues.

GANDHI AND TRUTH

In the May History Today, Judith Brown discusses whether Gandhi's lasting significance lies more in what he stood

OVERSEAS

Russia uses Victory Day to caution against fresh threat to peace

From Michael Binyon

Moscow, May 8
Red flags edged with black were flying in Moscow and the capitals of all the republics today in official mourning for President Tito. The flags, with the black edging and ribbons, will remain flying tomorrow when the Soviet Union celebrates the thirty-fifth anniversary of the victory over Nazi Germany.

Victory Day has long been an important occasion in a country that lost 20 million people during the Second World War, and the Russians are using this anniversary to give a warning that the West is again threatening the Soviet Union and trying to upset the strategic balance.

Mr. Alexei Kosygin, the Prime Minister, said in an article in the party ideological journal *Kommunist* that the world was not the same now as it was on the eve of the war because the balance of forces between the two antagonistic systems was now tilted in favour of socialism. As a result there were greater possibilities for peace.

But he said imperialism was still trying to hold back social progress. The United States was trying to liquidate détente, provoke conflict situations and step up the arms race, and this was the real cause of the present aggravation of the international situation.

He said the historic mission of the Soviet Union in liberating the German people from fascism had "opened the road to a happy future" for his country. He gave an assurance

that East Germany would do its best to strengthen the Warsaw Pact and continue the policy of détente in the face of the "aggressive intrigues" of imperialism.

One theme dominant in the mass of press commentaries and reminiscences by Soviet generals is that the Soviet Union bore the brunt of the fighting and really decided the outcome, but this fact is not recognized in the West. A Tass commentary conceded that American military supplies to the Russians were "substantial", but emphasized that the lead-lease arrangements accounted for only 4 per cent of Soviet military equipment. Tass dismissed Western historians' contention that these supplies were crucial to victory.

Though printed commentaries have acknowledged the role of the Western allies, this is rarely mentioned in speeches and slogans which mark Victory Day each year, or in films about "the Great Patriotic War", as the Second World War is known here.

A commentary by General Alexei Yefimov, the head of the army's party organization, which was summarized by Tass from *Kommunist* today, accused the West of trying to belittle the Soviet role in the defeat of the Third Reich. He claimed the Soviet Union played a decisive role not only in routing Nazi Germany but also Japan.

The Russians do their best to keep alive the memory of the Second World War. But the "Victory Day", in which millions of Russians also died, is rarely mentioned and there are few memorials. The revolutionary leaders branded it as a bourgeois war which Russia should not have fought, and it therefore is ideologically dangerous to dwell on the Russian contribution to this conflict.

Miss Hearst freed from sentence of probation

From Ivor Davis

Los Angeles, May 8

A Los Angeles judge has quietly ended the five-year probation sentence passed on Miss Patricia Hearst, the newspaper heiress. She had already served three years of the sentence.

She was placed on probation after pleading "no contest" to firing a weapon in a sporting goods shop in 1974 and robbing a man whose car was commandeered after the incident.

Judge William Keene, who ended the probation at the request of her lawyer, denied that there was anything secretive about the move. He said: "It was a *pro forma* thing that came over my desk like hundreds of others. The recommendation was that there would be no useful purpose in keeping her on probation. I also considered the request in the light of the presidential pardon on her bank robbery conviction."

Miss Hearst, who is 25, was released from prison in February, 1979, after serving two years of a seven-year sentence for bank robbery. She had been kidnapped a few years earlier and claimed that she was forced by her abductors to take part in the robbery.

The Los Angeles deputy district attorney, Mr. Mike Carroll, who argued against ending the probation, declared: "The defendant was convicted of two extremely serious felonies. It is not too onerous a burden that she merely complete probation."

Reagan nomination victory might have a sting in the tail

Mr Bush could win in California

From Patrick Brogan

Washington, May 8

The last batch of primaries on Tuesday gave President Carter a grand total of 1,365 delegates to the Democratic nominating convention. He needs 1,656 to win, and he is assured of at least another 100 from caucuses in Colorado and Texas which are being held this week.

There are a number of other primaries this month, among them Maryland, Oregon and Arkansas and it is entirely possible that Mr Carter will win his majority before the last round of primaries in California, Ohio, New Jersey, Rhode Island, South Dakota and Montana on June 3. The fight is now over, Mr Carter will be the Democratic nominee and his problem is how to reunite the Democratic Party for the general election campaign.

Much the same calculation applies on the Republican side. Mr Ronald Reagan now has 803 delegates of the 998 he needs to win the nomination. He, too, might reach the magic total this month and will certainly do so on June 3, at the latest.

There is, however, a sting in the tail. It is possible that Mr Reagan will win the nomination by a comfortable majority, though losing the presidential primary in his home state, California.

That state's Republicans chose 168 delegates, the largest block in the convention and they will all go to whoever gets the most votes. Mr Reagan's supporters, convinced that the former governor would win

easily, blocked an attempt by his rivals to have delegates allocated proportionately, as they are everywhere else.

It would be most ironic, therefore, if he lost. If he does so, it will be because Mr George Bush has still the resources to mount a big television advertising campaign, and Mr Reagan has not. He has spent practically all the money he is permitted, while Mr Bush still has a comfortable reserve.

US Elections



Mr Reagan, of course, is the consummate television performer. His entire political career has been built upon his appearances on the screen. This is apparently the quality Americans look for in their leaders, and Mr Reagan's defeat in Pennsylvania and near-defeat in Texas were simply because Mr Bush outperformed him.

It is a horrifying thought, that the Republican nomination will be won on something as ephemeral as a television image and the skills of the makers of television commercials. After his early defeats in the primaries, Mr Bush accepted the advice of his media consultants who told him that he seemed too woolly on television, and his commercials thereafter concentrated on "issues".

He was in Washington the

other day, and told a press conference: "Now I'm an issues guy, and have been for about four months". Earlier, he had explained why he had not campaigned in Indiana: "If we hadn't taken the decision, we would not have been able to project into a winning mode in Texas".

It would therefore be a marvellous joke, and a portent for the general election, if such a man as George Bush could beat Mr Reagan, in his home state, in his own medium.

The possibility worries Mr Reagan's staff a good deal. They had expected to win Texas easily. It is a much more conservative state than California and Mr Reagan won a great victory there in 1976, over President Ford.

This time, Mr Reagan won Texas by 52 per cent to 48 per cent. They put the narrowness of the victory down to television, and worry about California, television and itself. The Bush people claim that, at last, as it becomes clear that Mr Reagan is the nearly certain nominee (the qualifier is used only by the Bush people these days), voters look closely at his record, policies and age, and begin to have serious doubts.

Mr Bush insists that whenever happens he will not drop out of the race. Mr Reagan's supporters accuse him of dividing the party, of being a "spoiler", of helping the Democrats. Mr Bush replies that these are exactly the charges made against Mr Reagan himself in 1976, when he challenged Mr Ford.

World is declared to be free of smallpox

Annabel Feximan

Health Services Correspondent

A formal declaration that smallpox has been eradicated from the Earth was made yesterday at the thirty-third World Health Assembly in Geneva.

Announcements that smallpox was on the point of eradication have been made several times in the last four years as the World Health Organization thought that its intensified eradication programme was coming to an end. But the announcements have always been followed by renewed outbreaks, most notably in the Horn of Africa during the war between Somalia and Ethiopia.

A total of 3,229 cases were notified in Somalia in 1977 but since October 26 of that year no further cases, other than a laboratory-associated outbreak in the United Kingdom, have come to light.

Two years without smallpox was considered necessary before a definitive declaration could be made, so in October last year triumphant officials recorded that the world was free of smallpox.

The Global Commission for the Certification of Smallpox Eradication presented its final report to the assembly yesterday, in which it gave the estimated cost of the eradication programme started in 1957. The total was put at \$313m (about £137m) but the expected saving to affluent countries in discontinuing mass vaccination was put at \$120m.

The commission recommends in its report that smallpox vaccination be discontinued in

every country except for investigators at special risk and that international certificates against smallpox no longer be required.

To allow for any reintroduction of the disease from laboratories or natural reservoirs, the chances of which the commission regard as negligible, sufficient freeze-dried vaccine to vaccinate 200 million people should be maintained by WHO in refrigerated depots in two countries and tested periodically for potency, it says.

It recommends that any rumours of suspected smallpox outbreaks be thoroughly investigated to maintain public confidence in the fact of global eradication, and that the international smallpox rumour register be maintained.

For scientific reasons preserved stocks of the smallpox virus should be stored but no more than four WHO collaborating centres should be asked to destroy their stocks.

The report points out that as recently as 1967 the disease was a major killer. In that year, it was endemic in 33 countries, produced and estimated 10 million to 15 million cases and caused two million deaths.

The last laboratory associated outbreak was in Birmingham in 1978.

Smallpox is thought to have first emerged in about 10,000 BC, and a suggestive rash on the mummy of Ramses V (1160 BC) is consistent with such speculation. It was well established in Southern Europe by the eighth century AD.

Mr Rallis to become new Greek Prime Minister

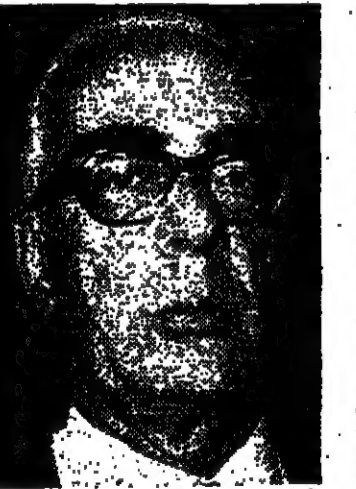
From Mario Mediano

Athens, May 8

Mr George Rallis, the Greek Foreign Minister, was today elected leader of the New Democracy, the country's majority party. He succeeds Mr Constantine Karamanlis who relinquished this post after his election as President of the republic on Monday.

He is expected to be appointed Prime Minister and asked to form a new Government. The election by the party's 175 deputies was by secret ballot. Mr Rallis received 88 votes, an absolute majority. The only other contestant, Mr Evangelos Averoff, the Defence Minister, obtained 84 votes. Three ballots were blank.

It was the first time that a Greek ruling party was electing its leader by strictly democratic procedures.



Mr Rallis: Pledge to follow path of moderation.

It was a close run for the two candidates. The result showed that a majority of deputies eventually opted for Mr Rallis, who is 61, as offering guarantees that the party's middle-of-the-road policies instituted by Mr Karamanlis, its founder, would remain unaltered.

After the announcement of the results, Mr Averoff pledged his full support to the new leader of the party. He said amid loud applause: "A threatening international horizon and difficult problems at home make it imperative to preserve the unity and unanimity of the party."

Mr Rallis, in his turn, promised to follow the path of moderation. He said: "There can be no democracy without a mild political climate. We shall set the example. Unfortunately, this does not depend on us alone. But we shall be most patient without abandoning our positions, since we believe that these positions can make Greece a happy country."

Mr Rallis told reporters later that he intended to appoint new faces to his Cabinet. Mr Averoff, as well as Mr Constantine Papanastasiou, who had been Mr Karamanlis's deputy, would be appointed Deputy Prime Ministers and might also be given portfolios. He expected the new Cabinet to be sworn in by Monday.

Addressing the party caucus today, Mr Rallis said he would be proud if one day he could say that his task had been accomplished and that someone else should carry on the leadership. "My only hope", he added, "is that on that day New Democracy will be as strong as it has been in the days of its founder."

Leading article, page 15

Press barred from Hollywood strangler trial

From Our Correspondent

Los Angeles, May 8

The press and public have been barred from attending the preliminary court hearing for Angelo Buono, the Hollywood car upholsterer, who is charged with being the Hollywood strangler.

Judge Randolph Moore also issued an order directing lawyers and investigators for the prosecution and defence not to comment on the proceedings.

The judge ordered the hearing, which could involve some 200 witnesses and take three to four months, to be held behind closed doors, despite opposition from lawyers representing newspaper, television and radio groups.

The defence argued that news coverage of the hearing would prejudice Mr Buono's chances of a fair trial. He and his cousin, Kenneth Bianchi, are charged with the murder of 10 young women over a two-year period in the late 1970s. Mr Bianchi has admitted his guilt and agreed to be the key prosecution witness.

Saudi protest to US over screening of execution film

From David Gross

Washington, May 8

The Saudi Arabian Government has lodged a formal protest with the United States Administration about the proposed screening by an American television network of the controversial British-made film *Death of a Princess*.

A statement issued by the State Department last night said that Mr Faisal Abghel, the Saudi Ambassador in Washington, had formally expressed his Government's

New Zealand to send team to Moscow games

Wellington, May 8. — New Zealand has decided to compete in the Moscow Olympics. In a surprise decision tonight, the New Zealand Olympic Committee agreed that a national team should represent the country in Moscow.

The committee overruled a recommendation by Mr Lance Cross, the chairman, that a decision should be deferred until later in the month. Voting on this issue split the committee, with 12 votes in favour, five against and one abstention.

The Government has opposed supported a change of venue, attendance at the games and yachtsmen have already been withdrawn from the Olympic squad, but last night the Olympic yachting team signed a letter seeking a reversal of the Yachting Federation's decision not to send a team to the games.

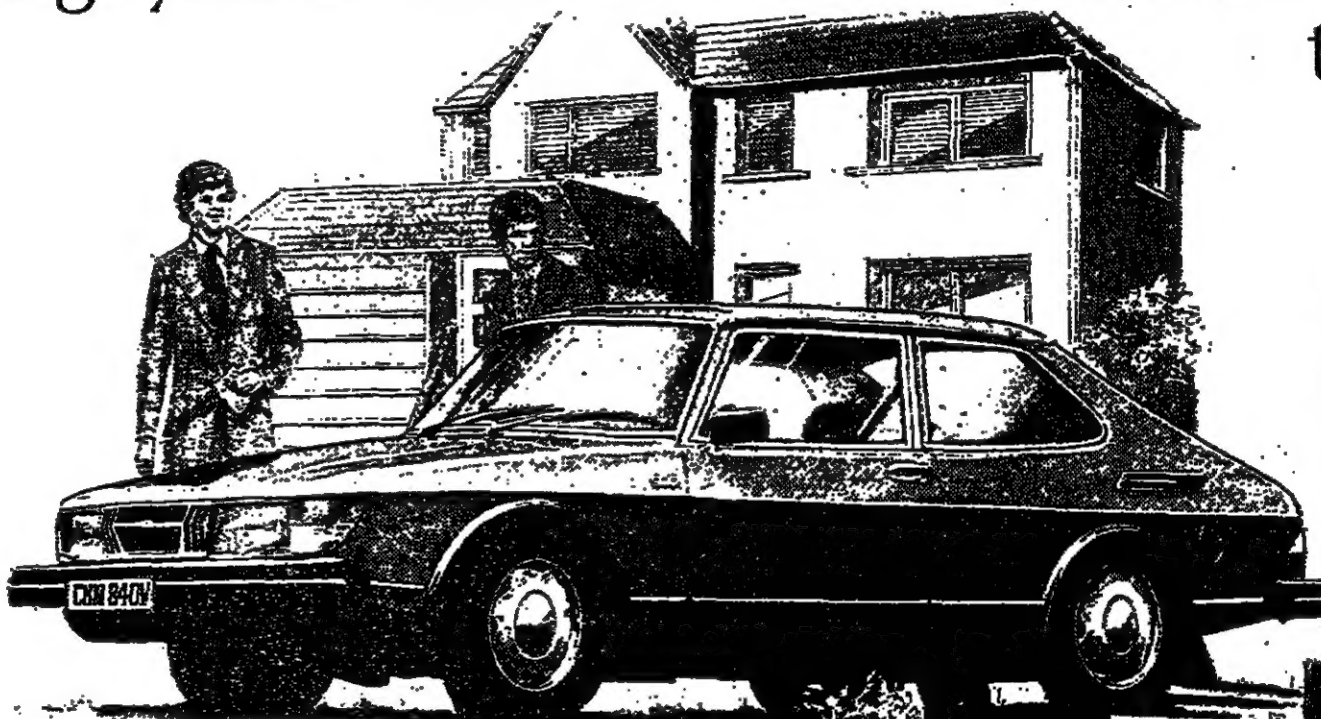
Agence France-Press, Reuter.

"deep concern" about the film. In a meeting with Mr Warren Christopher, the acting Secretary of State, yesterday, the Ambassador asked the Administration to convey Saudi concerns to the Public Broadcasting Service which plans to show the film on many of its affiliated stations.

PBS has reiterated its determination to screen the programme as planned, although its affiliates in Houston, Texas, and North Carolina have decided not to show it.

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Noon Organise your time to include some motorway driving, perhaps for a lengthy lunch some distance away. See how quiet the SAAB 900 GLS is at speed, how positive, light and responsive the steering and experience the secure feeling of safety at all times. Note, too, how little fuel the SAAB consumes at cruising speeds.

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Night When you return the car, you'll be ready to ask your SAAB Dealer about all the points that may have occurred to you on your free* test drive. He'll be glad to answer them all, tell you about colour schemes, the SAAB Safeguard and the SAAB Finance Schemes that are available.

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How can the excellence of London medical teaching be preserved?

A case of amalgamate or be lost

Professor A. H. Crisp, Dean of the Faculty of Medicine, University of London, has helped to compile the Flowers report on medical education in London. Here he looks at the problems facing London teaching hospitals, and argues for bigger, rather than smaller, medical faculties.

The Flowers "committee" started its work early in 1979. There was an urgent need to try to solve the serious problems confronting medical education in London. The faculty currently comprises 34 separate schools and institutes, nearly all with associated teaching hospitals. Most are concentrated in central London, where the patient population has fallen progressively over the past 15 years, and is likely to continue to do so.

Moreover, compared with larger provincial medical schools, London has fallen behind in academic development. The increasing University Grants Commission grant has been insufficient to prevent this and some academic departments are too small to mount significant research; there is much duplication of effort, and yet some schools lack academic departments in subjects essential to the curriculum.

In 1979 two further crises arose. The DHSS intention to substantially reduce hospital beds in central London became explicit. Beds reflect the size of available populations and are fundamental to medical education. At the same time the Department of Education and Science made public its intention no longer to subsidise overseas postgraduate students. The increasing plight of the London medical schools and institutes has been apparent for some years. Now some schools are saddled with annual deficits amounting to several hundreds of thousands of pounds and attempts to generate necessary savings have resulted in indefinite freezing of important posts. In addition some of the

outstanding but expensive post-graduate schools and institutes are threatened with possible bankruptcy.

What are the alternatives? The working party of London medical deans has proposed the closure of one or more medical schools, rather than allow standards to decline generally. The Flowers working party tried to do that most difficult of things—look into the future. What would be "right" for London medicine at the turn of the century and beyond? How could its excellence really be preserved? How would a small general medical school, without adequate University Grants Council funding now, long in 20 years' time with NHS resources by then significantly reduced in London and allocated instead elsewhere in the UK? How could a postgraduate institute, today apparently first class, survive in future without a proper spectrum of strong basic and paramedical science?

It is noteworthy that like Flowers, the Royal Commission on Medical Education in 1968, also proposed the coming together of London schools into major conglomerates but at a major and in the event prohibitive capital cost. The Flowers working party was also aware of the uncertain basis on which to judge the optimal size of a medical school. It was easier to agree that many existing academic departments were too small especially in the newer subjects. Many unflattering models of large organizations have been advanced over the past two months. However, big comprehensive schools can apparently sometimes be good, small ones bad.

The working party concluded that the present size of the majority of London's medical schools and institutes was too small. Increased size was necessary to achieve the necessary academic strength. But the danger of creating institutions which are too large was recognized. It is likely that there is an optimal pool of knowledge and skill but yet avoid

The rationalization into six large schools would leave London with flexibility in curricula which has become such a strength

the communication and management problems of too vast an organization. At a departmental level a professor, two senior lecturers and a lecturer together with support staff.

The working party's proposals invite the creation of large preclinical schools with 150 to 250 student intakes—sizes such as exist with reasonable effect at Cambridge and Harvard. The clinical teaching in such schools would continue such as before remaining small group based as university hospitals and most schools would have several of these. Thus the famous old teaching hospitals, now designated university hospitals, would retain their identity.

The rationalization into six large schools would leave London with the flexibility in curricula which has become such a strength to it in recent years. Vertically integrated teaching and research would be enabled and in the long term five of the schools would have multidisciplinary links allowing contact with such disciplines, vital to medicine in the future, as physics, chemistry and behavioural science. The University College school of

medicine would have a multifaculty structure from the outset, the annual intake of 240 preclinical students and a total of 270 clinical students to be distributed between its four university hospitals. This would allow also the development of new powerful postgraduate medical activities at all these hospitals and the newly related specialist hospitals.

The potential for the creation of the Harvey school has existed for some years but now concentration of basic medical science teaching on one site is proposed. The proposed Lister and the St Thomas's joint school is controversial mainly because of the short-term threat it poses to King's College in the Strand. Alternative combinations which would retain resources of King's College can obviously be looked at again but Flowers in the end favoured the proposals it put forward.

Left to itself St Thomas's University Hospital would probably be insufficient to support an adequate clinical student population in 10 years' time if the size of the general population in that part of London continues to decline.

The proposed closure of the Westminster Hospital medical school naturally has provoked widespread support for that school which is partly a victim of its location. Were it to be closed its obviously excellent staff would certainly be needed elsewhere. It might be possible to consider forming joint schools involving the Westminster with Charing Cross or St George's but this was not proposed by the working party because the main Westminster medical school would itself be closed down.

The St George's medical school is the school destined in perpetuity to remain isolated in faculty terms.

Charing Cross is perhaps the most venerable of the proposed new schools. The joint school of St Mary's and Royal Postgraduate medical school lends academic strength to both institutions which they would otherwise vainly seek.

In conclusion then, such a welding together of London's resources would surely provide it with greater and indeed very great academic strength. Some of the new schools would have the immediate potential to be second to none in the world for the foreseeable future.

Teaching would be concentrated on fewer sites: research as a result of greater departmental size and interaction, would be more robust. The real financial savings from such a rationalization would have to be ploughed back into the new schools especially in terms of extra staff, and new departments in essential subjects where these are lacking. This would include especially the £3m or so per annum saved in the short term.

Of London University faculty of Medicine is to subject itself to an upheaval of this magnitude then it deserves support. Perhaps it should only take the step if it is given the full support of the UGC and DHSS. The task is only worth undertaking in university terms if the UGC money saved is not subsequently withdrawn. The DHSS will be saved many millions of pounds if it is unfettered now in its attempt to rationalize London's hospital services.

Implementation of the Flowers' recommendations would have this effect. Will the NHS in turn guarantee that the building of its new university hospitals such as the Whittington, the Homerton and Lewisham hospitals will include provision for proper and indeed excellent teaching and research facilities? It should surely do so.

If the Faculty of Medicine in London University does nothing now then impoverished and decay will in my view ensue. Should the DHSS then decide after all to reduce its target for student numbers then this will be the final blow, for, in all probability, London will then be specifically chosen for such cut backs.

Geoffrey Smith

How Parliament can grab back the purse strings

A report was published a week ago that may come to be regarded as a small footnote in British parliamentary history. The danger with the new select committees that have been started in this Parliament has always been that they would keep bipartisanship in spirit by keeping them safely away from power in practice. They would thus be a means of keeping MPs happily but not dangerously employed.

The preservation of two distinct categories of committee has been an indication of how far a high proportion of those on both front benches really want the reforms to go. There are still standing committees to go through Bills clause by clause, which are therefore taking decisions in spirit but doing so under the control of the party whips—or so it is hoped—and there are the new select committees which are permitted to be bipartisan but are allowed only to air their views.

The significance of the report from the Treasury and Civil Service Select Committee on the Government's expenditure plans over the next five years is that it points a way out of the trap of bipartisanship.

The committee has avoided what might well have been the sterile exercise at this stage of considering whether the Government's economic theories are correct. As a starting-off point, that would all too probably have led to divisions along the usual party lines. Instead, the committee has examined how far the Government's strategy holds up in terms of its own logic on the basis of its own assumptions—and it has produced a clearly reasoned and highly critical analysis that commands the support of members from the three principal parties.

I am not concerned here with whether this analysis is right. I am concentrating on the political not the economic implications of this report. Whether its judgments are well-founded or not, it is evident that a document of this kind on a sensitive topic is central to the Government's whole strategy must add a new dimension to parliamentary scrutiny of the government of the day. This has been made clear already in this week's debate on the White Paper outlining public expenditure plans for the next five years. The subject of the select committee's report.

Criticism of this nature, coming from their own back benches as well as from the opposition, cannot be so easily brushed aside by the Government as a frontal assault from a shadow minister which can always be dismissed as part of the routine play-acting of politics.

So this report provides an example to other committees of how they can be both bipartisan and critical by examining government policy on the basis of its own assumptions. But not all select committees are operating in such a politically sensitive area where there are bound to be periodic parliamentary debates of some consequence. If the system as a whole is to be effective there will need to be structural changes, and it is to the credit of the Government that the House of Commons is to be given the opportunity before the summer recess of deciding upon further developments.

The Cabinet has not yet discussed the matter, but it is likely that these further developments will include the scrutiny of European and delegated legislation, the proposal in the Select Committee on Procedure's report — on which all

the present reforms are based — that standing committees should have the right to take evidence on a Bill before they proceed to examine it clause by clause, and also the control of public expenditure. It is probable that the Government will suggest the appointment of a new Select Committee on Procedure to consider this last question on which the previous committee did not have time to report before the general election.

This is an issue of the greatest importance. Parliamentary control of public expenditure is at the moment a constitutional joke. In theory all estimates will have been examined and approved by the House on successive supply days before they are included in a Consolidated Fund Bill. But in practice estimates are almost invariably approved on the nod on supply days which are then devoted to debates on subjects chosen by the Opposition.

The second reading debate on the Consolidated Fund Bill ranges over a wide variety of subjects and the subsequent stages are simply formalities.

If a new Select Committee on Procedure is appointed it should bear in mind two principles. First, the committee must be given a knowledge of the modern scale of public expenditure cannot be examined properly in a chamber of 635 members, and that the job can be done effectively only by a committee with a knowledge of a department's operations. It follows that the new select committees, which cover each government department, would be the most appropriate bodies for the task.

Parliamentary control of public expenditure is at the moment a constitutional joke

But precisely what powers should they be given? The arrangement would be to split up a Consolidated Fund Bill after it had received its second reading in the House of Commons and send each department's estimates to the relevant select committee. This committee would then have the right to change the distribution of funds between different functions of a departmental vote, and to examine a department's estimates — but not to increase their otherwise a committee might be too easily become the champion of the department it was supposed to shadow. The Treasury Select Committee should be given the responsibility of examining the estimates as a whole, with the right to reduce them but not to increase them and to switch funds from one department to another.

In each case the decisions of a committee would not be final because the Bill as amended would go back to the House for its report stage. These suggestions would therefore simply adapt the normal legislative procedures for the particular purpose of dealing with public expenditure. An alternative arrangement would be for each department's estimates to require the approval of the relevant select committee before they could be included in a Consolidated Fund Bill, though that would involve rather greater change in parliamentary procedure. But it is likely that the House of Commons will adopt a compromise: to control the supply of public money to the executive.

The two car sales of the century

Christie's and Sotheby's are auctioning exceptional pictures from the Ford and Chrysler families in New York next week.

New York is playing host next week to the most sensational picture auctions for many years—perhaps since the Goldschmidt sale of 1955. They have been laughingly dubbed "the car sales" since Christie's are offering 10 pictures from the collection of Henry Ford II while Sotheby's have secured the Chrysler collection.

Both collections have been formed since the last war and reflect the rich man's taste of the period by concentrating on Impressionist, Post-Impressionist and early twentieth century paintings.

With the back up of all that motor car money both collectors were enabled to buy the very best that came on the market. It is the extraordinarily high quality of the paintings to be offered that sets these sales apart.

The Ford paintings include two Van Gogh views of the public garden at Arles that were in the recent Post-Impressionist show at the Royal Academy. There is also a brilliant Cézanne portrait of the late 1890s, "Paysan au Blouse Bleu" and several deliciously naked ladies, including a Degas, "Etude de Nu". The Chrysler pictures include a Titian, "Palaemon", a Salimbanque of 1923 and Van Ravoux which made a record auction price for the artist back in 1966 when Christie's auctioned it for 150,000 gns.

Paintings of this importance are rarely sold by auction. It is less risky to sell privately through a dealer when very large sums are involved. And dealers will be watching anxiously next week to see whether prices comparable to those they have been charging are achieved. Works by Van Gogh and Cézanne have been sold by dealers at prices around two and three million dollars.

The auctioneers privately admit to nerves at so many fine paintings coming up for sale simultaneously. Will there be enough museums and millionaires to provide new homes for them at the right price?

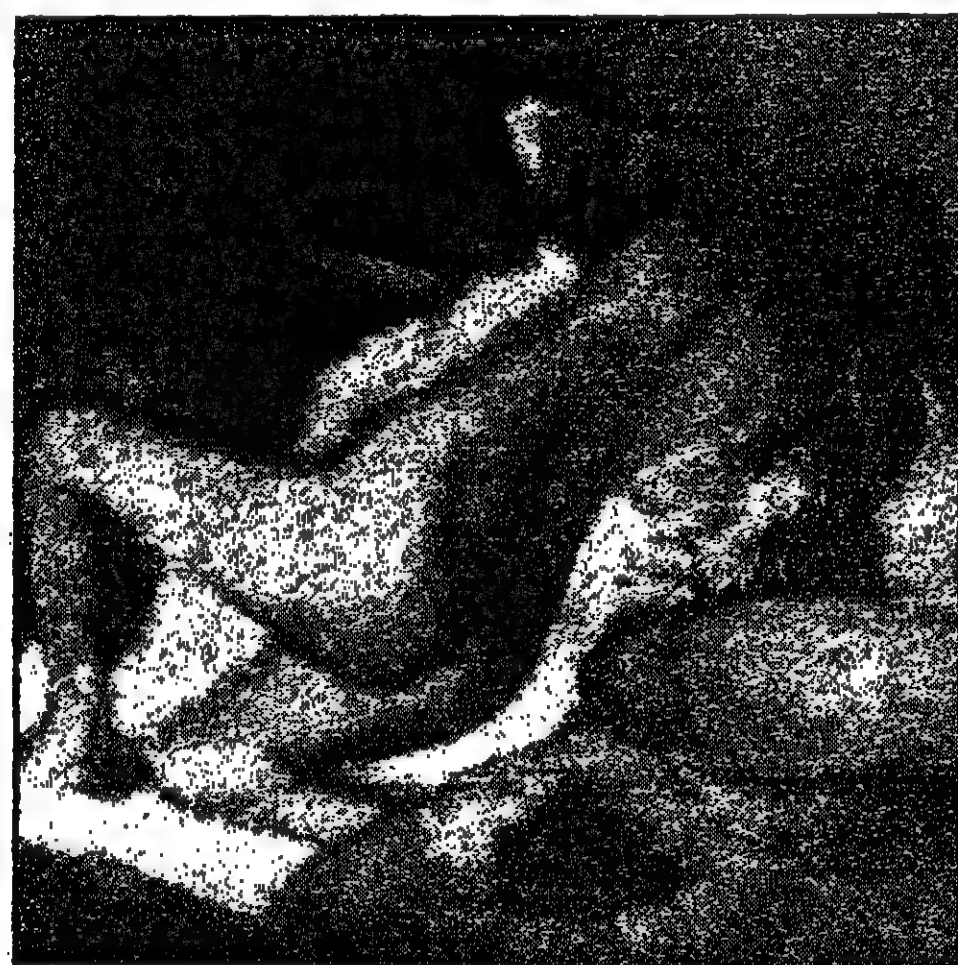
Indeed, the two great collections together with the large mixed property sales of Impressionist and modern paintings that are being held at the same time, are likely to provide an important pointer to the present state of the art market.

Lesser sales over the last month or so have begun to suggest that an art market recession may be on the way. It is little wonder that prices have weakened in view of the unsettled state of the world, particularly Afghanistan and Iran, and current very high interest rates. There is a lot to be said at the moment for having your money earning interest of 20 per cent or so, rather than tied up in works of art in the hope of long-term appreciation.

The signs that all is not quite well are coming as usual from the lower end of the art market. When money is short, buying always becomes more selective; people will still make an effort



Details from Cézanne's Peasant in a Blue Blouse and Nude Study by Degas.



to acquire exceptional items, where they might have to wait for years to find a similar example for sale. But pleasant items which are going to be available next year as well as this, are now tending just not to sell.

This trend has become apparent in most of the main collecting fields, for pictures, for furniture, for porcelain and so on. The proportion of sales totals that are left unsold seems to be on the rise.

Moreover, since a proportion of cash generated by a sale is generally quoted by the auctioneers—rather than a proportion of the total number of lots—the position tends to be understated. When 10 per cent of the

cash total is unsold, it is now not unusual to find 20 to 30 per cent of the lots unsold; this reflects the fact that the best, and thus the most expensive, lots are generally flooding buyers—while a mass of smaller items fail to sell.

In fact, it seems to be the middle range of goods that are most affected, items of good but not exceptional quality. There is still a reasonably strong market for junk as well as for the best pieces.

There are, of course, some fields which are exceptions to the rule. Antique silver, particularly lesser items, is sensitive to the price of silver bullion. At the beginning of the year prices spiralled and quantities

of silver were consigned to the various auctions for sale: now prices have fallen again and the exceptional quantity of middle-range silver for sale is not helping.

Then, the market in Oriental rugs has been affected by the United States ban on Iranian imports. Dealers and collectors from the United States are not coming to Europe for sales and prices have been significantly affected.

The auction market in fine jewels also seems to be having its difficulties. The fact that jewels are so portable, and can be used as a means of transferring wealth from country to country has led to their great popularity of recent years—

particularly in the Middle East. The price spiral perhaps overdid itself; anyway, prices seem for the moment to be falling back.

All of which is not to say that the Ford and Garbisch sales next week will not break every auction record imaginable. The paintings are in the exceptional class, where opportunities must be grasped—or lost. The real indication of whether the market is slipping will come from the mixed property sales. The good pictures will no doubt be competed for, but what about the bad ones?

Geraldine Norman
Salesroom Correspondent

"I never thought," her eyes met mine, "I'd tell the time by diamonds."

She lifted the watch from its box and held it above her glass.

Diamonds adorned the simple shape, were set into the minuscule hands which moved imperceptibly around its face, like a tiny constellation in the night sky.

"It's beautiful," she murmured.

"It's not water resistant," I ventured, as she let the end of the delicately wrought bracelet slip through her fingers.

"Or champagne proof?" she followed, as the clasp touched the rim of the glass. A tiny bubble effervesced for a moment on the shimmering gold surface.

"Just don't bathe in it," I returned. Her eyes sparkled like diamonds themselves.

Audemars Piguet

An illustrated brochure and list of appointed jewellers may be obtained from Audemars Piguet, 74 Saffron Hill, London EC3N 8RS.

How Mr Zaitsev has brightened the scene

Foreigners returning here invariably say their most striking impression is that people are better dressed than before. And one man who has perhaps done more than anyone to dispel the drab and dowdy image of the Russian woman—is Slava Zaitsev, the Soviet Union's top fashion designer.

Two days ago he presented this year's spring and summer collection at the Union of Writers' house. It was an extraordinary evening: it summed up so much that is typical of the Soviet Union today and yet it was by no means typical of anything I have seen in this country before.

The Union of Writers' house is one of many clubs that play such a vital role in Soviet cultural and social life. Officially it is the headquarters of the Union of Writers, but in reality it functions as a club, a restaurant where its members can eat reasonably well in a relaxed and exclusive atmosphere, and a cultural centre where soirees and recitations, concerts and lectures are held.

The House of Writers organizes evenings devoted to leading cultural figures. The audience is always selective—members or their friends or those who have the wit and connections to obtain the hard-to-come-by tickets. Being thus relatively private and unpublicized, these evenings can always take greater risks than public performances.

Zaitsev's show was sold out well in advance. The hall was full: about 600 people, mainly young women but with a fair sprinkling of men and plumper, more matronly figures.

He came on to the stage, a boyish 42-year-old who speaks quickly and wittily. "What is fashion?" he asked, and entertained the audience with a quick summary of the extravaganzas of Paris, London and Rome over the past 20 years, the trends, triumphs and aims of the leading designers.

He gave fair and ample credit to all the best that has come from Paris, speaking of fashion as a knowledge and enthusiasm that made it hard to believe he has never yet been able to go to France.

He told how Pierre Cardin, when he came to Moscow, remarked that Russian women were lucky to be so original: each decided her own style or the length of her neckline, and was not subject to the dictates of fashion. There was loud laughter at the irony.

The clothes he showed were magnificent, helped by five slender models who, I must admit, had far from

Russian figures. There were formal suits, high-shouldered, square-cut in elegant contrasts of navy blue and red or black and white. There were unadorned knitted dresses and matching skirts and jerseys in olive greens or black and purple, flowing summer dresses with loose belts, bright yellow coats and romantic white chiffon evening gowns.

The striking thing was the simplicity of the designs: few frills or trappings, plain buttons, long, sweeping lengths of material. In the west this might be a passing trend; here it is also common sense. Zaitsev is keenly aware that fashion is not immediately available. Haute couture may be an indulgent fancy, but it will not help Russian women dress better as long as Soviet factories do not produce the necessary materials.

His frustration at the long gap between ideas and reality eventually led him to resign as chief designer of the House of Fashion. I saw his last collection there two years ago: beautiful, imaginative, elegant and utterly unreal. No clothes could be bought there, only the paper patterns.

He now works for an experimental group of studios that is dedicated to getting the designs on the street. You will not find them in the boutiques of today's celebration marking the 35th anniversary of VE-Day. But all the music that accompanied the models on stage was western pop. "Got a man on my mind," crooned a voice as

"May I suggest, Mr President, that every time you make a decision, it reverse it?"



royal official promises that fade with time.

There were many touches to the evening that pointed to the contrasts in this country. Above the stage hung the obligatory red banner: "Happy victory day comrades!" in anticipation of today's celebration marking the 35th anniversary of VE-Day. But all the music that accompanied the models on stage was western pop. "Got a man on my mind," crooned a voice as

Zaitsev commented on the neck-line of a dress.

Then the music referred to "Russia" and "We Russians"—an unusual harking back to the past when the obligatory official terminology is "the Soviet Union" and "Soviet". Zaitsev's remarks, in an evening dress "reminds us of the last century, of the age of Anna Karenina", and he spoke appreciatively of Russian national tradition and Russian taste.

Ironically the music moved on to Boney M, and inevitably to the number that always seems to fascinate because of its risqué and faintly scandalous interpretation of Russian history: Rasputin. At that moment Sasha, the male model, was showing a brightly coloured house shirt—the kind you could wear in the house. The lights went down, the orchestra spotlighted, the music beat loud and Sasha gyrated in "Rah, rah, Rasputin, lover of the Russian Queen."

After the parade Zaitsev gave some hints on what to wear and how to make up. His advice was just the kind of thing you do not find in Soviet weekly magazines: shoes should be so, or so, colours matching or contrasting, make-up subdued. "Don't make your eyes with eye-shadow, remember you are all pale after the winter and could do with skin toning," he refused to dictate. "Be individual, be exclusive, decide your own personality."

The advice is more startling in a society where the collective

mentality rules, both traditionally and officially.

Then Zaitsev, a medical student and photographer, came on stage with his guitar. He sang in perfect English—Scottish and American folk songs. They were tuneful, modish and indicative that western youth folk culture is both popular and chic. Fifteen years ago a student would have known a song, and no audience under stood. Now almost every educated Russian under 30 knows some English and many speak it well.

The evening ended with Zaitsev reciting some of his own poetry—extravagant, emotional, declamatory stuff which would have seemed odd to an audience of Anglo-Saxons well to Russians. There is a strong tradition of public poetry in this country. Yevgeny Yevgenyevich used to do this in the 1950s. Television occasionally broadcasts at peak viewing time recitations by well-known poets packed theatres.

The evening, traditional in challenging with its visions, was suited to an audience already keenly aware of culture and ideas beyond the Soviet frontiers in spite of the physical and ideological barriers. "Wasn't that interesting?" I heard a middle-aged decidedly unattractive woman remark. "I thought was all very good."

Michael Binyoc



New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

WHERE UNIONS ARE NOT IMMUNE

It is unfortunate that the four newspaper trade unions have decided not to appeal against the High Court injunctions against them, for the questions of law involved are of great importance. The law on the issue raised by Express Newspapers thus remains that stated by Mr Justice Griffiths when he ordered union officials to desist from inciting their members to break their employment contracts by participating in the May 14 "Day of Action". Fortunately the main point of law, that trade union immunities depend on the existence of an industrial dispute, and cannot be claimed in any action which is not an industrial but a political dispute, is not in doubt. It is, for once, quite clear on the words of the statute and rightly so. The point of law which is arguable concerns the circumstances in which injunctions are appropriate, a question of interest to them as well as trade unions and employers.

The union's did not in fact argue that their call to members to join next week's activities was in furtherance of a trade dispute. It was clear, even to them, that May 14 was a political event, and, as such, could not benefit from the legal immunity conferred on officials acting in the context of a dispute between employer and employee.

It is arguable that Mr Justice Griffiths need not have granted an injunction. It is a principle of law that an injunction should be available only in cases where damages were not an adequate

remedy. The unions said they were prepared to pay damages awarded by a court to compensate for any financial loss incurred by employers as a result of their workers taking the day off. The judge found that to be insufficient remedy.

Employers and others injured by the unions' actions clearly have the right to take legal action for damages. The most obvious target would be the trade union official—whether at national or local level—who induced the workers to break their contracts of employment for that day. Assuming the plaintiffs could show the causal link between the official's instructions to members and their absence from work, and could also prove the damages sustained, he would normally be entitled to be recompensed. Few employers may be willing to take legal action, knowing the cost in labour relations that such a step would normally entail. That however would not necessarily deter any disappointed customers whose contractual rights was forfeited by non-immune action.

There is little doubt that a significant number of trade unionists would choose to work rather than take part in the May 14 protest if they believed that their union membership would not be at stake and that no disciplinary action would be taken against them. Mr Justice Griffiths' decision may give them the courage to follow their conscience and their contract of employment. But under the present state of the law it is

unfortunately too easy for union officials to circumvent the impact of that judgment. Had the circular to union members been couched in informative terms without purporting to instruct members to participate in the day of action, no exception could have been taken in the courts. Yet how simple it would have been to make the unions' real meaning clear to members, privately. In addition, unions taken to court by employers can always create an industrial dispute which would enjoy immunity, and get back at their employers in that way.

Until the Express case, actions for injunctions against trade union officials have tended to focus on the existence or otherwise of a trade dispute, and on whether action taken by trade unionists was in furtherance of such a dispute. The line of cases raising those issues has shown clearly that the immunity granted to unions is far too wide. The Express case was founded on action that was clearly not in furtherance of a trade dispute, and therefore not subject to legal immunity. The outcome has demonstrated how difficult it is for employers to assert their legal rights in a limited area, while the broad immunities remain. The fact that unions do not have immunities in this particular instance is important, but it does not alter the real imbalance of trade union law. Of course if trade unions court martyrdom by defying this injunction they can do so, but it will be entirely a matter of their choice.

A MODERATE PRIME MINISTER FOR GREECE

The election of Mr Karamanlis as leader of the New Democracy Party completes the process of handing over power in Greece. Mr Karamanlis, who has been a powerful influence in Greek political life for twenty-five years, whether in or out of office, will soon be succeeding Mr Tsatsos as President, after his election by Parliament on Monday. Mr Karamanlis will take over from Mr Karamanlis as Prime Minister. The change will not be an abrupt one, since Mr Karamanlis is close to Mr Karamanlis and can be expected to follow the same general policy lines.

The fact that Mr Karamanlis, who was first Prime Minister from 1955 to 1963 and has symbolized Greece's return to democracy since the fall of the colonels' regime in 1974, is now giving up direct power means that a new period is beginning. As President he will still have a position of considerable influence. But it will be up to Mr Karamanlis and his Government, to handle such delicate issues as reviving the Greek economy, preparing for entry to the European Community next January, and negotiating a return to the military structures of NATO. Mr Karamanlis's aim has been to strengthen Greece's links with the West, as a way of avoiding

a return to dictatorship and the isolation to which it led. Greek membership of the Community will tie the country in with Western Europe; it may present difficulties for small industries but it will help the farmers and the Greeks have been given a promise that they will be net beneficiaries from the budget, at least for the first five years. NATO is more difficult. Mr Karamanlis took Greece out of the alliance's military system in 1974 because of indignation that nothing was done to stop the Turkish invasion of Cyprus, and as an alternative to war with Turkey. Recently the government has been trying to negotiate terms for a partial return, but these have been blocked within NATO by Turkey because of differences over control of air space and the sea lanes in the Aegean area. With the death of President Tito and the possibility of instability in the Balkans it has become all the more necessary to plug this gap in NATO's southern flank, symbolized by Greece's absence from this month's exercise in the Mediterranean.

As Foreign Minister in the Karamanlis Government, Mr Karamanlis has a good understanding of these issues. But his main preoccupation will be with internal

affairs, and particularly with the coming election, which has to be held by November, 1981, at the latest. In the 1977 election, New Democracy won a comfortable victory with 42 per cent of the vote, but this was less than the 54 per cent it had won in 1974 and next time the figure could be lower still. The main threat comes from Mr Andreas Papanastasiou's Panhellenic Socialist Movement (PASOK), which increased its share of the vote from 13 per cent in 1974 to 25 per cent in 1977. PASOK presents a radically different set of policies from those of New Democracy, based on opposition to entry to the European Community and hostility to Western alignment and NATO in general.

For New Democracy Mr Karamanlis is a good choice. A man of conservative background, who was consistently opposed to the colonels' regime and was at one time sent into internal exile by it, he has made his name as a moderate since 1974. He is well placed to compete with PASOK for votes in the centre. He also has a chance to revive the fortunes of New Democracy by bringing in new men and, not unimportantly, to provide the democratic structure that Greece has had since 1974 are solid.

JUDICIAL MURDER IN TEHRAN

The firing squads are at work again in Tehran. On Tuesday, seven men were executed for "crimes" committed on behalf of the Shah's regime—crimes essentially of an economic or political nature but including the execution of a former soldier who had tried to assassinate the Shah. Yesterday, for the first time since the revolution, a woman was executed for political reasons.

Mrs Farokhrou Parsa was the first woman to sit in the Majlis (national assembly) and the first to become a member of the government in Iran, being minister of education from 1968 to 1974. She had been accused of corruption and placed under house arrest during the Shah's time, but was subsequently released and maintained that she had been the victim of a manoeuvre by Savak, the Shah's secret police. For a year after the revolution she lived in Iran unmolested. Then last February she was arrested, possibly as part of a manoeuvre against Ayatollah Mohammed Beheshti, the leader

of the Islamic Republican Party, who was rumoured to have been helped by her in obtaining his pre-revolutionary post as chaplain to the Iranian community in Hamburg.

Now she has been executed after conviction by the Central Revolutionary Court on charges of corruption, expelling activist teachers, "promoting imperialist culture", spreading immorality, plundering public funds and co-operating with Savak. Even if all these charges were true (and the one of immorality, at least, is certainly false) they would not justify the death sentence. In fact both the sentence and the execution are in blatant contravention of the orders given by Imam Khomeini himself, that there should be no more executions except of people themselves directly responsible for killing. Nor for the first time, one is driven to ask: who is in power in Iran? And whoever it is, why are they still pursuing, in such a bloodthirsty manner, individuals who served the Shah even in purely civilian and non-violent capacities? What purpose do they think they serve by giving the

world such a murderous image of their Islamic revolution?

The answer is probably that the regime is reacting like other regimes before it to a formidable accumulation of difficulties at home and abroad. By striking at helpless former associates of its predecessor, it seeks to demonstrate a strength which for more conservative purposes is sadly lacking, and to recreate a revolutionary unity which patently no longer exists. Such tactics are not only inhuman but futile.

Firing squads are no substitute for an effective state with a clear chain of authority, which Iran now desperately needs if she is to have any chance of solving either her internal or her external problems. President Khomeini knows this, and seems momentarily to have convinced Imam Khomeini of it, since he has secured his backing for the appointment of a prime minister. Meanwhile today Iranians at last go to the polls for the second ballot of their parliamentary election. Perhaps the state will at last begin to function. It is more than high time.

The Turin Shroud

From Mr Ian Wilson
Sir, As Professor Averil Cameron's inaugural lecture, reported in *The Times* of April 30, was essentially an attack on my theory suggesting identification of the Turin Shroud with the former Mandylion or Image of Edessa, I would like to make the following observations in self-defence.

Having attended Professor Cameron's well presented and carefully considered lecture, I nevertheless felt that she offered nothing new that had not already been taken into account in my book, *The Turin Shroud*. Professor Cameron and I differ merely in the selection and emphasis we give to different elements of the obscure and confusing historical and artistic information from which a picture of what the Mandylion may have looked like can be built up.

Professor Cameron, for instance, chose to illustrate her talks with icons suggestive of the Mandylion having been a small cloth. Had she referred to Professor Cameron's

Grabar's 1931 *Seminarium Kondakovianum* study of the Mandylion she might have chosen other early depictions suggestive of a large cloth. The problem, as I have always stressed, is that artists' depictions of the Mandylion differ greatly, partly because of restricted access to the original, partly because Byzantine artists were notoriously unconcerned to depict what we term "reality", and partly because, as several early texts convey, the Mandylion's image undoubtedly had the hazy or blurry appearance so characteristic of the present-day Shroud. In trying to argue that the Mandylion was a mere painting Professor Cameron ignores this latter point, just as she ignores the problem of a "suspension-pointed" Mandylion carrying the years of iconoclasm. Furthermore, in stressing the absence of reference to the Mandylion in Procopius (a point on which Sir Steven Runciman found no difficulty), Professor Cameron has diverted attention from the unquestionable reference to the Mandylion in Eusebius, also of sixth-century date.

The most question is whether or not the Shroud itself is genuine. If it is, then it has to have a history, and I believe the Mandylion explanation, for all its difficulties, the most tenable so far advanced. Regrettably, however, results from American scientific tests carried out late in 1978 have been painfully slow in being released, and I have recently learnt that we may have to wait until October for the all-important image analysis. Even more regrettably, to date there has been no agreement from Italy to release samples for carbon 14 dating. The matter now, I understand, being in the hands of a Pontifical Scientific Commission.

If science ultimately proves the Shroud a forgery, then I will gratefully concede that Professor Cameron is right. Until then, however, I would argue that the historical question remains open.

Yours,
IAN WILSON,
18a Flax Bourton Road,
Barnet,
Middlesex,
EN4 8JL.
May 1.

May Day and the dignity of labour

From Lord Stewart of Fulham, CH

Sir, Compelled to spend this year's May Day in hospital I have been able to reflect on your leading article of May 6 and on the reasons why some of us observe this festival. I find it easiest to express my conclusions in symbolic terms. Since he was expelled from Eden, it has been man's destiny to live by labour. On May Day we recognize the duty and dignity of labour; we recognize the obligation, on those of us who can work, to provide for the old and infirm; we dedicate ourselves anew to the creation of a society in which no one who is capable of work will be able to live by passive ownership of property or by activities which enrich him without adding to the total wealth of the community.

Dante, with his usual grim pertinence, regarded activities of this sort as a kind of perversion, since they keep man away from his natural law that man should live by productive work; this is why, I suppose, he puts profiteers next door to sodomites in the Seventh Circle of Hell.

Some, like myself, have a further obligation. I can claim to have worked for my living, but the work has been interesting, free from occupational disease, not subject to a high accident rate nor succeeded by deafening noise or noxious smells. Many workers, even today, have to endure these disadvantages. On May Day we lucky ones should require, and be ready to pay for, the necessary amenities which are needed if labour is to be something which enables man and does not enslave or disfigure him.

We recall also the decision, made when the Labour Party was founded, that workers' hand and by brain should be the workers' hand and by brain discover, in different ways, and from distant sources, the truth of their common destiny: the worship of God and the service of mankind.

Democratic Socialism, then, have plenty to think about on May Day. Your article suggests that we should not do so because of the fearful tyrannies practised by some who profess to be Socialists. Pious and devout Christians, however, do not allow the dreadful record of past persecutions and present-day sectarian violence by those who profess Christianity, to discourage them from seeking at the appropriate seasons, the essentials of their faith. Yours etc.

STEWART OF FULHAM,
House of Lords, SW1,
May 7.

Views on Gibraltar

From Mr G. D. Canessa

Sir, It is common knowledge that the only reason Spain has now decided to open their frontier with Gibraltar is because they wish to improve their relations with Britain. It is a view to which further British support for their entry into the EEC. The fact that the restrictions at the frontier have been "suspended" and not removed shows a basic lack of goodwill on the part of the Spaniards. There is no guarantee that they will not close the frontier again if negotiations do not progress according to their wishes.

If Spain wish to demonstrate the "spirit of friendship" referred to in the Lisbon statement, they should open their frontier unconditionally. They know full well that the restrictions have not made us Gibraltarians more desirous of becoming Spanish and they never will. Being decolonized by Britain only to be recolonized by Spain is no solution to the Gibraltar problem.

One possible solution was suggested by Mr Eidon Griffiths in the House of Commons on April 14: "There is British sovereignty; there is Spanish sovereignty; there is a third option called independence. Independence for Gibraltar might become, if it was arrived at together with some form of economic union with Britain and Spain, a sort of sovereignty-association, such as that proposed for Quebec by their provincial government."

Sincerely,
GUY D. CANESSA,
23 Endeavour Street, WC1.

Danger to watercourses

From Mrs R. G. Johnson

Sir, I am writing to draw your attention to a practice which I fear may be widespread, and which has caused me considerable concern. In the District of South Cambridgeshire, considerable trouble and concern, namely the failure to comply with conditions when planning consent has been given for gravel workings, and the consequent silting up of watercourses have been altered, blocked and polluted during major road construction work.

South Cambridgeshire has an old established complex series of watercourses developed over the centuries as agriculture has advanced and the balance of water and land-rich agricultural land—in this area is a fine one. Recently, during the construction of the M11 extension, the course of the Great Ouse, the main river Cam was altered without consultation with either the Anglian Water Authority or my Authority, with the result that local farmers cannot now water their cattle and sheep and an exceptional storm has led to life being destroyed. In addition, a wood has been felled and although some slats within this wood were affected by disease, other species of trees remained healthy.

The Eastern Road Construction Unit replies to complaints from farmers that they should apply for compensation—this is the way to compensate some of our nation's best agricultural land or to keep our watercourses in working order?

Yours faithfully,
ROBIN JOHNSON,
Chairman, Planning Committee,
South Cambridgeshire District Council,
South Cambridgeshire Hall,
Hills Road,
Cambridge,
CB2 3RQ.
April 30.

Maintaining Britain's nuclear capability

From Marshal of the Royal Air Force Sir Neil Cameron

Sir, I read with much interest the account in your May 1 issue of Field Marshal Lord Carver's remarks on the replacement of the Polaris force. His speech in the House of Lords on December 18 also refers. No one has put better than he has the basic case for NATO's nuclear deterrence. But his critical view on the merits of a contribution under independent British control seems to me defective in two major ways.

Detachment, I suggest, is about influencing the adversary, yet Lord Carver scarcely senses this aspect. The rest of value is not in what scenario we might actually use our capability, but how its existence might affect Soviet calculations before, not after, any aggression was undertaken. Soviet leaders might just one day be tempted to gamble on the belief that a United States Administration would hold back when the price for defending Europe was reaching nuclear proportions. It is not difficult to envisage scenarios for such a belief with the situation changing so swiftly as it is. A capability in European hands plainly makes the gamble more dangerous; and given explicit French doctrine, French hands alone will not do. The value of the nuclear deterrent is not in its use, but in its existence, and the defence budget for it. But given what is at stake, five to seven per cent is simply worth paying.

This aside, Carver wants Britain to retain its own nuclear capability—indeed he accepts that it may be worth continuing with nuclear-missile submarines—but not its own strategic nuclear capability. The former is however of little value without the latter. There is no point in a British nuclear capa-

bility at any level except to pose some threat that in some circumstances we might use it when the Americans were not using theirs. Otherwise we would do much better to content ourselves with dual-key United States weapons, save the cost of Aldermaston and the like, and spend the money elsewhere.

What makes a British national capability worth paying for is its independence of control. So I assume that Lord Carver values the deterrent threat of independent non-nuclear use. But that threat is not credible if there is nothing more behind it. The Russians' simple would not be deterred by a threat of using British theatre nuclear weapons, for example on their second echelon forces, in circumstances where ex hypothesi the United States was holding off and Britain had no further option if the Russians raised the stakes. They would know in advance that such use would be simply an invitation to be over-trumped. The cold fact is that you can, at a stretch, make a case of sorts for an independent strategic capability without an independent non-strategic capability; but the converse is just not so.

In short, I suspect that Lord Carver is arguing for either too little or too much. Personally I strongly favour a good Polaris replacement, a replacement plainly both independently controllable and of strategic quality. A second-grade replacement that is neither of these things, or only one of them, would miss the point; I would not waste money on it. Yours faithfully,
NEIL CAMERON,
78 Enceadale Road,
Kew,
Richmond,
Surrey,
May 7.

West's involvement in Cyprus

From Mrs Diana Spearman

Sir, It is depressing to find a member of Parliament so misinformed about the state of public opinion in Turkey as to suggest financial aid to the country should be made conditional on a settlement in Cyprus satisfactory to Greece. Yet this is the plan put forward by Mr Eggar (April 18). I must know that the United States tried to do just this by imposing an embargo on the supply of arms to Turkey, with results the exact opposite to what was intended.

There is no one in Turkey who does not believe that the Turkish action in 1974 was both legally and morally justified.

A recent *Times* leader pointed out as much, and added that if the Turks had not intervened in Cyprus, the Colonels would in all probability still be in power in Greece.

How far the Turks are still justified in occupying so large a portion of the island is another question, but any return to the kind of government desired by the Greek Cypriots would merely be a return to intimidation, murder and general disorder.

Western European intervention in the relations between Greece and Turkey has always been disastrous. If the two countries are left alone they find no difficulty in living together. After the far worse crisis arising from the Greek invasion of Turkey in 1919 friendly relations were restored without any external pressure. The Turks were, of course, on this occasion the aggrieved party and the initiative was taken by Kemal Ataturk. Are the Greeks incapable of similar magnanimity, or is it democracy which forbids it? I remain etc.

DIANA SPEARMAN,
7 Lord North Street, SW1.

Health service changes

From Mr J. C. Waits

Sir, Your leader writer on the structure of the health service (April 30) has made the mistake as many others have in assuming that the abolition of the "area" tier is a foregone conclusion. It is regrettable that such a mistake should occur on the last date for the submission of comments on the consultative paper "Patients First".

Since it is now apparent that the thinking in this document is being questioned seriously by informed opinion within the NHS.

The writer concludes that the virtual abolition of Regional Health Authorities "would be unwise, for many important policy decisions will need to be taken above the level of the new districts, but should not be left to the department". Regional Health Authorities are prominent among those questioning the Government's philosophy.

Such shortcomings as the Normanton scandal which, as your writer states, occurred in a single district area, are of serious concern. It is notable that most progress in improving conditions in the cinderella services has occurred in multi-district areas. Such benefits accrue from two factors: a larger allocation in those authorities which can be used flexibly where the money is needed most; secondly a level of management which is not directly involved in the day-to-day issues besetting such a large organization and which can better perceive the shortcomings and advise on the appropriate standards of service.

It is argued that savings in administrative costs will be realized from a further reorganization. Yet the calculations used to support such statements are based not on the establishment of more health authorities, but on the amalgamation of districts in a multi-district area to form a single-district authority, the opposite of the approach favoured by the Government.

"Patients First" was a genuine consultative paper, and the Secretary of State, his political colleagues and the Department's officers will heed the comments made. To stick to the proposed course of action for the sake of temporary political dogma, would be a mistake, and one which will cause considerable harm to the NHS.

Yours faithfully,
JAMES WAITS, Area Treasurer,
Hereford and Worcester Area Health Authority,
Lewards House,
Upper Wick Lane,
Rushwick,
Worcester.

Horse sense

From Mrs P. C. Stephens

Sir, When the Rector of Barton-le-Cley (April 26) is out on Parish Business (or away on Retreat), are Tract and Great Discretion exercised by his staff?

Yours faithfully,
PATSY STEPHENS,
83 Cambridge Road,
West Wimbledon, SW20,
May 6.

From Mr C. J. D. Orlebar

Sir, Would it be less of a white lie if my cousin, the Rector of Barton-le-Cley, were said to be examining Heterodoxy?

Yours faithfully,
CHRISTOPHER J. D. ORLEBAR,
35 Shaftesbury Way,
Wickham,
Wiltshire,
May 7.

From Mr R. M. Maxtone Graham

Sir, "Rector's gone to fetch the Prebend from his stall."

Yours faithfully,
ROBERT MAXTONE GRAHAM,
8 Most Sole,
Sandwich, Kent,
May 5.

From Mr R. J. Payne

Sir, If the gentleman gave his correct name and address and his Bishop reads *The Times*, whatever he calls his horse the game is up.

Yours faithfully,
R. J. PAYNE,
The Old Vicarage,
39 St Pauls Road West,
Dorking,
Surrey.

Future of forestry

From Mr E. G. Richards

Sir, Dr J. C. Coulson (May 5) asks for long term action can be taken off most of the area is permanently damaged. The question does not arise since there is a considerable net gain in minerals in soils under forest—commercial or not.

Trees are collectors of minerals and trace elements from the atmosphere and from the rain which lodges in their foliage. Recent work by the Macaulay Institute for Soil Research has quantified and explained in scientific terms what foresters have long believed—that regular exploitation of the forest does not impoverish the soil. What is removed in the form of tree trunks is of little importance provided the branches and foliage are left to rot on the forest floor, for at least two-thirds of the tree that contains the high concentrations of minerals.

Some Scottish pinewoods, such as the Black Wood of Rannoch have been exploited for centuries, yet where enough area cover has been left to ensure a woodland, the flora and fauna testify to the richness of the forest soil compared to the adjacent treeless moorland. And some Scottish pine woods have been practicing commercial forestry for as long as 200 years without any harmful effect on the original moorland soils.

Yours faithfully,
E. G. RICHARDS,
15 Dellfield Walk,
Lynton, Devon.

From Mr D. T. Seal

Sir, Some of the assertions in Major General Moore's letter of April 21

Israel and Unesco

From Mr Yehudi Menuhin

Sir, May I request a little space in your columns to correct a statement made about me by my respected colleague Arthur Rubinstein? Everyone has a right to express his fervent opinions and his passionate emotions. However, when I have entered the United Nations, the object of this treatment has a right to demand a rebuttal.

On page 581 of his recently published memoirs, *My Many Years*, Mr Rubinstein says, "One hundred fifty prominent people were invited to protest the expulsion of Israel from Unesco on a famous accusation concerning their excavations on 'occupied' land—meaning the Old City of Jerusalem. In two words, the New York Times and Le Monde, of Paris, I had previously criticized the Jew with the Hebrew name, Yehudi Menuhin, president of the music department of Unesco, for not resigning, but voting with them against Israel."

Not only had I no vote to cast but I had never been in the case, would I ever have dreamed of such a foolish and unfair action. I did indeed refuse to resign my then position of President of the International Music Council of Unesco because I believe profoundly in persuasion rather than persecution, in patient deeds rather than noisy rhetoric.

Overcrowded prisons

From Mr Robert Kilroy-Silk, MP for Ormskirk (Labour)

Sir, Your editorial "More a Hope than a Policy" (May 1), rightly points out that the Home Secretary's proposals for reform of the prison system do not match his appreciation of the problems.

If anything, you overstate the likely beneficial effect of Mr Whitelaw's plans by suggesting that building new prisons "will do something to alleviate overcrowding in the short term". In fact, of the Report of the Prison Department for 1978 pointed out, "few of these additional places will provide a net gain when the time comes for them to be occupied by prisoners. They will simply compensate for places lost elsewhere."

The matter of the Home Secretary's recent announcement is typified by his statement that measures such as increased remission "cannot be ruled out if the situation demands them". How much more must the position deteriorate before the situation is deemed to demand such measures? The prison governors have warned that the system is col-

lapsed under the weight of numbers: decisive action to reduce the prison population is needed now if a breakdown in our prisons is to be averted.

Yours faithfully,
ROBERT KILROY-SILK,
House of Commons.

As an example of my efforts within Unesco, I should like to relate the following. Prior to the eighteenth session of the Unesco General Conference in 1974, Israel like Canada and the United States of America, introduced a draft resolution with a view to the participation in the European regional activities in which the representative character of states is an important factor. This resolution was rejected by the Conference.

Although those of Canada and the United States were adopted. With the wise counsel of a number of my friends within the various activities with which Unesco is concerned, and over a lengthy period of patient effort, we succeeded in having the Israeli resolution adopted on November 22, 1976, when the President of the General Conference announced. In the case of the European group there was no objection from a majority of members of that group in connection with the admission of Israel into that group.

Could it be that this poetic matter of an instrument ready-made can have no sympathy with one who is used to tuning his own violin and therefore bringing consonance to disparate strings?

Yours faithfully,
YEHUDI MENUHIN,
2 The Grove,
Highgate Village, NG,
May 5.

lapping under the weight of numbers: decisive action to reduce the prison population is needed now if a breakdown in our prisons is to be averted.

Yours faithfully,
ROBERT KILROY-SILK,
House of Commons.

Changes in planning law
From the Leader of Tonbridge and Malling District Council
Sir, Two of your correspondents (April 3 and April 19) have recently referred to councillors "stroking" rateable values by granting planning permissions. In fact, nine out of ten local planning authorities can have no pecuniary incentive to permit development. This is due to a quirk of Rate Support Grant by which any increase in rate income as a result of development is simply cancelled by an equivalent decrease in government grant.

Yours faithfully,
RICHARD KIRBY,
Tonbridge and Malling District Council Offices,
The Air Station,
West Malling, Kent.



COURT CIRCULAR

BUCKINGHAM PALACE
May 8: His Excellency Senior Counselor Vasquez-Ayllon received in audience by The Queen and presented the Letters of Recall of his predecessor and his own Letters of Credence as Ambassador Extraordinary and Plenipotentiary from the Republic of Peru to the Court of St James's.

His Excellency was accompanied by the following members of the Embassy who had the honour of being received by Her Majesty: Senior Counselor Dr. Osvaldo de Rivera (Minister), Major-General Salvador Barrios (Air Attache), Captain General Barrios (Assistant Naval Attache), Señor Alejandro León (Counselor), Señor Don Alberto Cuadras (Third Secretary), Señor Javier Paulich (Third Secretary) and Señora Ana María Deustua Caravedo (Commercial Attache).

Sir Michael Pellissier (Permanent Under-Secretary of State for Foreign and Commonwealth Affairs), who had the honour of being received by The Queen, was present and the Gentlemen of the Household in Waiting were in attendance.

Lord Admiral Sir Nigel Cecil had the honour of being received

by Her Majesty upon his appointment as Lieutenant-Governor of the Isle of Man.

His Excellency and Plenipotentiary from the Sultanate of Oman to the Court of St James's.

The Hon Anthony Berry, MP (Vice-Chamberlain of the Household) received an audience by The Queen and presented the Letters of Recall of his predecessor and his own Letters of Credence as Ambassador Extraordinary and Plenipotentiary from the Sultanate of Oman to the Court of St James's.

The Queen was represented by The Duke of Edinburgh at the State Funeral of His Excellency the President of the Socialist Federal Republic of Yugoslavia which took place at the Federal Assembly Building, Belgrade today.

The Duke of Edinburgh, attended by Wing Commander Anthony Nicholson, arrived at Heathrow Airport, London this evening in a Royal Air Force VC10 aircraft from Belgrade.

YORK HOUSE
ST JAMES'S PALACE
May 8: The Duke of Kent, a Liveryman of the Salters' Company, was today entertained at the Court at Salters' Hall, in the afternoon, His Royal Highness, President of the Royal Air Force Benevolent Fund, presided at the Council Meeting at 67 Portland Place, W1.

Captain Mark Bullough was in attendance.

This evening, His Royal Highness, President of the Commonwealth War Graves Commission, attended the Reception for the Commonwealth-Belgian Joint Committee, which was held at the Apartments, St James's Palace.

Forthcoming

Marriages

Mr J. B. Gore-Booth and Miss J. M. Cumming-Bruce
The engagement is announced between the late Mr Gore-Booth and the late Mrs Gore-Booth and Jane, daughter of the Hon Sir Roderick and Lady Sarah Cumming-Bruce.

Mr F. M. Alsworth and Miss C. A. Burnett
The engagement is announced between Peter, son of the late Lieutenant-Commander M. L. Y. Alsworth and Mrs Alsworth, of Barnham, Norfolk, and Mrs F. M. Alsworth, of Barnham, Norfolk.

Mr A. Barons and Mrs J. E. Moger
The engagement is announced between Andries Barons, of Hartem, Holland, and June Evelyn Moger, of June-on-Turns, Oxfordshire, and 183 Appollonius, Amsterdam, Holland.

Mr R. J. Boyd and Miss K. A. Ramers
The engagement is announced between Robert, younger son of the late Professor Maurice Boyd and Mrs Boyd, of Belfast, and Karen, daughter of Senior Victor Ramers, of Emeralds, Ecuador, and Mrs Alicia Ramers, of Hillsboro, Florida.

Mr R. H. Clarke and Miss M. A. Roberts
The engagement is announced between Ralph, son of Mr and Mrs H. W. Clarke, of Oxton, Birkenhead, and Mrs M. A. Roberts, daughter of Mr and Mrs D. A. Roberts, of Sharncliffe, Sussex.

Mr K. M. Garnett and Miss S. J. L. Diboll
The engagement is announced between Kevin, son of the late Mr F. M. Garnett and Mrs C. R. Eberhart, of Little Aire, Burton Lane, Chalfont St Giles, Buckinghamshire, and Susan Jane Diboll, daughter of Mr A. J. Diboll, MBE, and Mrs M. J. Diboll, of 4/34 Lingfield Road, Wimbledon, London, SW19.

Mr D. R. Gibbs and Miss E. M. Fawcus
The engagement is announced between Dennis, son of Mr and Mrs D. R. Gibbs, of Oxton, Birkenhead, and Mrs E. M. Fawcus, daughter of Mr and Mrs Norman S. Fawcus, of Otterbourne, Winchester.

Mr N. S. D. Guthrie and Miss F. T. Sadler
The engagement is announced between Nicholas, elder son of Mr and Mrs N. S. D. Guthrie, of Magna, Somerset, and Fiona, elder daughter of the late Mr and Mrs H. J. Sadler, of Newmarket, Suffolk.

Major I. F. B. Hodgson, RTR and Captain C. E. Farr WRAC
The engagement is announced between Ian, only son of Major I. F. B. Hodgson, of St. Helier, Jersey, and Captain C. E. Farr, of St. Helier, Jersey.

Mr J. N. Horsburgh and Miss J. Ferguson
The engagement is announced between Jeremy Nelson, only son of Mr and Mrs J. N. Horsburgh, of Horsham, Sussex, and Joyce, daughter of the late Mr and Mrs A. J. Ferguson, of Lytham St Anne.

Mr M. B. Koczanowski and Miss R. M. Seton-Brown
The engagement is announced between Marek, son of Mr and Mrs M. B. Koczanowski, of Berkshire, and Rosemary, daughter of Major and Mrs R. M. Seton-Brown, of Killybegs, Kent.

Mr T. J. A. Laidlaw and Miss C. J. Don
The engagement is announced between Timothy, son of Mr Robin Laidlaw, of Grand Turk, West Indies, and Mrs C. J. Don, daughter of the late Mr and Mrs R. J. Don, of Perthshire, and Charlotte, daughter of Mr and Mrs Robin Don, of Elmston House, Elmham, Devon, Norfolk.

Mr D. J. Segal and Miss M. S. Foux
The engagement is announced between David John, only son of Mr and Mrs D. J. Segal, of London, and the late Mrs Michael Segal, and Michelle Sara, daughter of Mr and Mrs Cyril Dill, of Denham Village, Buckinghamshire.

Mr T. R. Turner and Miss E. R. King
The engagement is announced between Thomas, second son of Mr and Mrs T. R. Turner, of Globe House, Great Elm, Frome, Somerset, and Elizabeth, elder daughter of Mr and Mrs L. R. King, of 85 Gladstone, Croydon.

Lady Cecil had the honour of being received by The Queen.

His Excellency and Plenipotentiary from the Sultanate of Oman to the Court of St James's.

The Hon Anthony Berry, MP (Vice-Chamberlain of the Household) received an audience by The Queen and presented the Letters of Recall of his predecessor and his own Letters of Credence as Ambassador Extraordinary and Plenipotentiary from the Sultanate of Oman to the Court of St James's.

The Queen was represented by The Duke of Edinburgh at the State Funeral of His Excellency the President of the Socialist Federal Republic of Yugoslavia which took place at the Federal Assembly Building, Belgrade today.

The Duke of Edinburgh, attended by Wing Commander Anthony Nicholson, arrived at Heathrow Airport, London this evening in a Royal Air Force VC10 aircraft from Belgrade.

THATCHER HOUSE LODGE
May 8: Princess Alexandra was present this evening at a Gala Piano Recital by Catherine Stiles, 44, Mrs Douglas, 64, and the Duke of Kent, who was in attendance.

The Duke of Kent, a Liveryman of the Salters' Company, was today entertained at the Court at Salters' Hall, in the afternoon, His Royal Highness, President of the Royal Air Force Benevolent Fund, presided at the Council Meeting at 67 Portland Place, W1.

Birthdays today
Mr Alan Bennett, 46; The Right Hon Lord W. J. R. Bowden, 64; William Crowther, 93; Sir David Cunliffe, 80; The Rev Dr C. W. Dugmore, 71; Mr Albert Finney, 44; Mr Douglas, 64; Miss Glenda Jackson, 44; Miss Geraldine McEwan, 48; Admiral Sir Victor, 67; Dame Jocelyn Woolcombe, 82.

Mr R. C. Thomas and Miss A. Fryer
The engagement is announced between Robin C. Thomas, eldest son of Mr and Mrs R. C. Thomas, of Rowley Bank, Dorchester, Dorset, and Annie, eldest daughter of Mr and Mrs S. B. Fryer, of Ripon, Yorkshire.

Mr N. R. Turpin and Miss D. P. Watkinson
The engagement is announced between Nigel Richard, younger son of Mr and Mrs N. R. Turpin, of MBE, and Mrs Turpin, of Harlow, Cambridgeshire, and Daphne Petrona, twin daughter of Mr and Mrs N. R. Turpin, of Harlow, Cambridgeshire.

Mr M. D. Fiddling and Miss L. S. Harding
The marriage took place yesterday at Chelsea Old Church between the late Mr and Mrs M. D. Fiddling, of Chelsea, London, and the late Mrs M. D. Fiddling, of Chelsea, London.

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A miniature depicting Noah's Ark from the fourteenth-century Persian manuscript to be sold on July 8 by the Royal Asiatic Society to finance its Asian studies.

Rare Tabriz manuscript for auction

By Geraldine Norman
Sole Room Correspondent
The Royal Asiatic Society announced at its annual meeting yesterday that a rare Persian manuscript owned by the society since 1944 has been consigned to Sotheby's for sale on July 8.

The manuscript, written in Tabriz in 1314 and embellished with 100 miniature illustrations, is a miniature depicting Noah's Ark from the fourteenth-century Persian manuscript to be sold on July 8 by the Royal Asiatic Society to finance its Asian studies.

First sale of locks and keys a sellout

By Our Sale Room Correspondent
A remarkable collection of locks and keys and decorative ironwork came up for sale by Sotheby's in Zurich yesterday and was a sell-out, totalling £9,323. It was the first time since 1944 that the collection of locks and keys and decorative ironwork came up for sale by Sotheby's in Zurich yesterday and was a sell-out, totalling £9,323.

French ahead in bridge championships

From a Bridge Correspondent
Monte Carlo, May 8
After five of the six qualifying rounds in the European bridge championships France is certain to be the most strongly represented nation in the final. The French are leading the competition in all three final rounds.

Science report

Biochemistry: Clue to an old mystery

By the Staff of Nature
With the elucidation of the chemical structure of a substance produced in the lungs of allergic guinea pigs, scientists at Imperial College and the Royal College of Surgeons in London have solved an important clue in a 40-year-old mystery.

Archaeology report

Belize: Development of Maya civilization

By Norman Hammond
Archaeology Correspondent
Recent archaeological discoveries in Central America have shown that the Maya civilization which flourished in the region of the Yucatan Peninsula and the Gulf of Mexico, and on the work of the director of the Belize survey, Dr. R. H. Morris and his colleagues in Belize confirmed that idea when they identified the structure produced by the stimulation of guinea pig lung.

OBITUARY

SIR LAURENCE LINDO

Prominent West Indian diplomat

Sir Laurence Lindo, OJ, GCVO, CMG, died yesterday at the age of 68, was High Commissioner for Jamaica in London from 1962 to 1974, and was the first representative of the Commonwealth to become a member of the House of Commons. He was the most amiable and capable of High Commissioners, and if his clear-headedness and disinterestedness to become a member of the House of Commons was a disappointment in some quarters, they won him widespread respect and admiration among those who were genuinely concerned with Commonwealth relations and the long-term interests of Jamaicans living in Britain.

Henry Laurence Lindo was born in Jamaica in 1911 and educated at Jamaica College and at Keele College, Oxford, where he was a Rhodes Scholar from 1931 to 1934. Long legs and determination gained him a Blue as a quarter-miler in his last year and occasional wickets as the left-hander. He was a demanding spheres of college and village cricket. He joined the civil service in Jamaica in 1935, and served in the Colonial Secretariat from 1939 to 1952.

His duties as High Commissioner in London were onerous and exacting. The numbers of Jamaicans living in Britain rose from more than 400,000 during his period of office and there were inevitably problems of adjustment on both sides. He was also closely involved in preserving and promoting Jamaican interests in the context of Britain's entry into the EEC. For most of his time in London he had the added responsibilities of representing Jamaican interests in France and West Germany without the advantages of any resident staff.

Sir Laurence Lindo had a great liking for Britain and British ways but his affection was always finely balanced by his loyalty to Jamaica. His frequent visits to Jamaican communities in all parts of Britain, and his friendly personal relations with officials and with politicians, were a constant reminder of his loyalty to Jamaica. He was made a Knight Bachelor in 1967 and a GCVO in 1974.

He married Holly Robertson in Jamaica in 1948 and had two daughters, with special arrangements in the mechanics of solid materials. This latter subject has assumed a renewed importance in military research, but it has also many wider applications, for example, in engineering structures and in technological processes like rolling and extrusion. However, compared with the number of students and junior faculty members who have been trained in the United Kingdom, and still further afield, many of whom were themselves to achieve high reputations.

He was made an Honorary Professor of Applied Mathematics at the IBM Research Laboratory at Zurich. Subsequently, he was Professor of Applied Mechanics at San Diego State University, and a University Professor at Brown in 1968. He retired in 1973 and then lived at Savigny House in Switzerland. His services were widely demanded as a lecturer, consultant and visitor.

Prager was one of a small number of men who produced dramatic changes in the past century of education, research and industry in the United States and in other countries as well. He will be remembered not only for his personal and collaborative research but also for his kind and encouragement of students and faculty alike. He had exceptional talent in the development of practical theories, building on formal analytical or geometric methods rather than on intuitive ideas.

His interests included the mechanics of solids and fluids, continuum mechanics, descriptive geometry, digital computers and traffic flow, and he has invariably an exceptional, faultless knowledge of the literature. However, his name will always be especially associated with his structural design and his structural analysis. This was the subject of his book, *Advanced Mechanics of Solids*, published in 1978 at Macmillan.

He was the author, sole or joint, of well over 200 papers and 20 books and monographs. He was a member of the American Academy of Arts and Sciences, the American Philosophical Society, and the American Mathematical Society. He was also a member of the Royal Society of London.

Mr Ronald Ruskin Todd, who was Secretary for China Affairs, Hong Kong, from 1954 to 1958 and a Member of Her Majesty's Council, died on April 1 at the age of 78.

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مكتبة الأصل

FOREIGN REPORT

Yugoslavia's collective leadership calmly sets helm on course followed by Tito

Talking to members of the collective leadership who, with Tito's death, are now in supreme charge of Yugoslavia, one cannot help being struck by their calm, cool and realistic appreciation of the situation and of what the future holds.

Tito's long illness has served to take some of the drama out of the present situation and has given all concerned time to prepare their own minds for the next phase.

These are men who have worked together for a long time. As always they emphasize Yugoslavia's utter determination and ability to maintain its independence while at the same time remaining genuinely detached from both Eastern and Western alliances.

This is an attitude both East and West sometimes find hard to appreciate, but which now, as for the last 30 years, remains the basis of Yugoslav policy and need be no obstacle to friendly relations with any country which does not threaten Yugoslav independence or territorial integrity.

President Carter's statement of confidence in Yugoslavia's ability to defend its own independence struck the right note by being reassuring and showing interest without being in any way patronizing or protective and was given wide prominence by local media.

Meanwhile, though recognizing the disastrous damage done to the Soviet occupation of Afghanistan, the Yugoslavs still emphasize their anxiety to better relations restored between East and West.

Despite widely differing political systems and allegiances, the Yugoslav Government enjoys excellent relations with its neighbours: Italy, Austria, Hungary, Romania, Greece, and Turkey. Albania, though recently violently overthrown, remains friendly.

It would at once come to Yugoslavia's assistance. The only possible exception is Bulgaria. "I thought," said one of the Yugoslav leaders, "that we had been friends since the days of the Balkan Wars."

Economic considerations bulk large with the Yugoslavs at present. The leaders leave one in no doubt about this. In particular, they would like to expand their trade with the West in order to improve their balance of payments and also to avoid undue economic dependence on the Eastern bloc.

It would be of great help to them in both these ways if Western countries, including Britain, would take more of their exports. There can be no doubt that joint production ventures, of which there are already some very successful examples, some with third parties, are also mutually beneficial.



Tito with Churchill in London in March, 1953.

Negotiations for a new agreement between Yugoslavia and the EEC, which accounts for about 40 per cent of Yugoslavia's foreign trade, took a long time to complete, but have now been brought to a successful conclusion. This is most welcome on both economic and political grounds.

Internally, one finds the same continuity. The collective leadership is set on maintaining the course which, with Tito's blessing, it has successfully followed for the past decade and which clearly offers much the best prospect of stability and national unity.

To meet any possible charge of excessive central control by Belgrade or of discrimination against one or other national minority, decentralization and devolution, both politically and economically, have been carried to astonishing lengths.

Each republic and autonomous region has its own government and also its own party. Moreover, at the centre, the presidencies of both party and state are ethnically balanced with the most scrupulous care, as are appointments throughout the bureaucracy.

Under what is now almost a confederation, the central Government retains overall control in few sectors apart from foreign affairs and defence: power

in the rest, including finance, being devolved almost entirely to the governments of the republics.

What is more, the parties in the republics are independent of the central party organization and are given to branching out on their own—sometimes with surprising results. In fact, short of complete independence, it would be hard to carry devolution further.

In recent years a new, more realistic and generally acceptable method has been worked out to help solve the marked differences in economic development, living standards and general prosperity which still exist between the north and south of the country and which in the past have proved a serious stumbling block. Economic support from one area to another is now beginning to be given on a regular investment basis.

In this way, entrepreneurs from the more advanced and more prosperous republics of the north, notably Slovenia and Croatia, retain a measure of control over enterprises which they set up in, say, Macedonia or Kosovo and can also count on a reasonable return for their money and technical expertise.

This helps to obviate any question of charity grudgingly given or resentfully received.

Apart from being sounder economics, it is also helping to remove a perennial source of friction between republics and a potential source of nationalistic tensions.

Throughout the economy self-management by independent enterprises possessing a surprising degree of genuine independence and often operating in healthy competition with each other, remains the rule.

In contrast, for example, to Barots, where state-owned industries, agriculture, once largely collectivized, is now 80 per cent in private hands. Though privately owned farms are limited in size by statute (individuals, particularly in the richer parts of the country, are able to make a good living from the land).

What is in effect something like a mixed economy operating under varying circumstances in six different republics and two autonomous regions makes for a high degree of pluralism as it has come to be known in Yugoslavia.

This is duly reflected in the latest of several long and complicated constitutions, largely the work of the late Edvard Kardelj. This is claimed, not altogether convincingly, to provide the element of political conflict necessary to the democratic process by means of the interplay of different regional, professional, economic and religious groups rather than of mutually opposed political parties.

Certainly, problems which come before the various national and republican chambers are most vigorously and continuously debated and, when a vote comes to be taken, it is not unknown for a republican government to be actually defeated and forced to resign.

Meanwhile, under what is admittedly a one-party system, there is a constant reminder that the role of the party is now to guide, advise and energize rather than to enforce decisions.

There is clearly nothing static about the present system. Pragmatism is the order of the day. Interesting new ideas keep cropping up and are being tried out. Thus, it is already possible in Slovenia for a private citizen to establish a small enterprise and to use its earnings to take a part of the equity.

What is more, one purpose of these and other interesting experiments is, as Tito put it, "to make things work", and, incidentally, to produce more goods in the shops and a better standard of living all round.

Yugoslavia, who are quite capable of doing their own conclusions, now travel freely and widely in the West and, to a lesser extent, in the Eastern bloc. Nothing they see in the latter is likely to make them want to exchange their present

way of life for anything behind the Iron Curtain.

Short of a crisis, there seems likely to be greater relaxation and liberalization in the long term rather than any sudden tightening up.

Certainly, this is the avowed purpose of the country's present leaders, notably Dr Vladimir Bakarić from Croatia and Stane Dolanc from Slovenia, who in all these respects are at least as go-ahead as the present and seem well attuned to the buoyant mood now prevailing in the country.

This should not, however, be taken as meaning that Yugoslavia is moving closer to the West. On the contrary, its policy of detachment from both power blocks is, in the present crisis, as firmly stressed as ever.

While certain sections of the press can be forgiven for looking on Yugoslavia's frontiers and insurgents at home and abroad, most of all, for some figure ready to step into Tito's shoes, both the Government and people of Yugoslavia remain calm and collected.

Inevitably, Tito's death has left them with an abiding sense of loss. The personal concern and affection for him of the ordinary man and woman on the street was evident throughout the whole of his long illness. But it has also left a keen sense of gratitude that he lived long enough to enjoy the new Yugoslavia with sufficient stability for it to be able to continue along the lines laid down in his lifetime.

I have been in particular impressed by the self-reliance, good sense and involvement of the younger generation, keen to play its full part in a society which it is actively helping to build.

It would be idle to suppose that the future will be any easier for Yugoslavia than for any other medium-sized country in the world today.

There are plenty of problems to be faced both at home and abroad, but at least the Afghan crisis, coming when it did, served to awaken the West, as well as most of the non-aligned nations, in particular, to the continuing possibility of sudden military action by the Soviet Union anywhere within the vast area which it chooses to regard as its own direct or indirect sphere of interest.

At the same time the aftermath can scarcely be said to improve on President Brezhnev and his elderly friends in the Kremlin the simple fact that as of now such action cannot be undertaken by them without producing an increasingly widespread and vigorous reaction from the rest of the world, or without doing still greater damage to their already badly tarnished public image.

Fitzroy Maclean

Ottawa mourns the resignation of Mr Vance

Probably no other foreign official had more personal or professional reason to bemoan the resignation of Mr Vance as United States Secretary of State than Mr Mark MacGuigan, the Canadian External Affairs Minister.

Two weeks ago, immediately before his resignation, Mr Vance paid a one-day visit to Ottawa when, as Mr MacGuigan formerly noted after the resignation was announced, the Canadian minister was able to "fit him full" of the Canadian viewpoint on a wide range of bilateral and world issues.

Such occasions are treasured in Ottawa, which is not exactly the crossroads of the world, and not the sort of place that busy secretaries of State visit every day.

For Canada, relations with its super-power neighbour transcend in importance every other aspect of foreign policy. While to the United States, Canada does not bulk nearly so large. It is a dichotomy that Canada is always having to learn afresh to live with.

It is true that this country is by far the United States' biggest trading partner, with exports last year of more than \$5 billion Canadian dollars and

imports from the United States totalling more than 45 billion Canadian dollars. No other two countries in the world remotely approach those trading volumes.

Canada's problem is that it is basically a good-neighbour country as far as the United States is concerned. It is just as friendly, one that can usually be counted on to come through in a pinch. It is not surprising that Washington, embroiled every day in crisis in different parts of the world, has developed the habit of taking Canada for granted.

Even the danger of a breakup of its northern neighbour, implicit in the coming Quebec referendum on sovereignty, association with the rest of Canada, has caused little stir in Washington. It is just not accustomed to having anything very sinister happen here. Yet, a splintering of the Canadian confederation would have obvious, potentially grave implications for the security of the United States itself.

All this is not to say that there are not some extremely difficult problems in Canada-United States relations right now. Two of the most contentious ones involve maritime

questions, although in one case the problem is not with the Carter Administration itself, but with Congress.

Just over a year ago, in Washington, representatives of the two countries signed a treaty intended to put an end to a so-called "fish war"—minus destroyers and guns—in the Gulf of Maine off the East Coast.

However, United States scallop fishermen were not happy with the division of the catch agreed upon by Canadian and American negotiators after protracted bargaining, and they mounted a political campaign against it.

The result was that when the treaty finally reached the United States Senate for ratification hearings, it was given a rough reception by a number of New England senators. Now there are doubts as to the ultimate fate of the treaty in the Senate itself.

This episode seemed to make clear that the mass outpouring of gratitude by Americans to Canada for the role which its Tehran embassy played in saving the life of the United States diplomat of Iran in January is not likely to be trans-

lated into anything much more concrete than the \$95 million of the United States now being offered Canadians by the Greyhound Bus Company.

(Not that Canadians would necessarily feel it any other way: many felt acutely embarrassed by the torrent of sanctions imposed on their own operations, which was looked upon here as merely a matter of helping air land in need.)

A second treaty, aimed at resolving a long-simmering dispute over the East Coast maritime boundary between the two countries, also appears in trouble. It would refer the boundary question to a special panel of the International Court of Justice for arbitration.

A conflict involving the United States and Canadian Governments flows from the international law-of-the-sea conference, where the two countries are locked in a dispute over the seabed mining of minerals.

Canada, the world's foremost nickel producer, wants fairly tight controls placed on the mining of the minerals which carpet parts of the ocean floor over which the United States, as well as containing manganese, copper and cobalt.

The United States, backed by the European Economic Community, Japan and other nickel-consuming nations, is seeking relatively weak production controls.

On other issues, Canada is increasingly concerned about trans-border fallout from air pollution in the United States, sometimes called "acid rain", and lack of consultation on increased American use of coal.

On the American side, it is practically a sure bet that present tendencies toward economic nationalism in Mr Trudeau's administration will at some point draw Washington's ire. The United States has \$3 billion Canadian dollars worth of investments in Canada, which is presumably not prepared to see jeopardized in any way.

In foreign affairs, Mr Trudeau—after considerable hesitation—got behind the United States-led boycott of the Moscow Olympics. He has also fallen in step with United States measures to put pressure on Iran to release the hostages, while expressing abhorrence, like other European leaders, of the idea of military intervention.

Jack Best

Constancy of fish fingers a symbol of calm in a trade of frequent change

One of the many anniversaries of 1980 not yet been celebrated. Let us forget it, it is now 25 years since fish fingers were first sold in this country. Like baked beans and cornflakes, they were introduced after becoming well-established in the United States. They are all now as British as tea, instant mash and salad cream.

When the frozen food industry was in its infancy, some shopkeepers said that it would never last. Frozen foods were expensive and troublesome to store in shops and kitchens. They were minority products which would never compete with their frozen rivals.

Today frozen foods are at the heart of every grocer's display. They are promoted as one of the few centres of growth in an age of static food sales while tins have acquired a dowdy and old-fashioned image.

Fish fingers are the butt of many jokes about the remorseless invasion of foods. At diet by factor, they have convinced a generation of children that cod

are rectangular and three inches long. At best, they have saved the fishing industry from an even faster decline than it has actually suffered.

Fish fingers were first sold in Britain by Birds Eye, a company which still sells more frozen food here than any other. The company was named after a Mr Birdseye, an American who noticed, on hunting trips in the far north of Canada before 1914 that fish left in frozen conditions were good to eat after many weeks.

He realized the possibilities of a commercial freezing process, invented one and gave his name to a frozen-food company which opened for business in the United States 30 years ago. The British Birds Eye company is part of Unilever, which is also responsible for margarine, tinned peas, washing powder and saucages.

Correction

Cocaine is derived from coca and not cocoa as stated in this page on May 2.

It is not surprising that a group so attuned to the everyday requirements of the modern family should have mastered the success of one of the most durable of groceries. Fish fingers are one of the few groceries which shoppers expect to remain constant and unchanged.

They began as rectangles of cod dished with a coating of breadcrumbs soaked in lurid yellow colouring. That is what they are today, a symbol of calm in a trade obsessed with frantic change in which bars of chocolate change their shape from year to year while marketing experts strive to think of a constant succession of new shapes, sizes and colours for sweets and snacks.

Fish fingers might well have changed as well. There is no reason why they should be rectangular and yellow. They could just as well have been left without colouring, or covered with pink and green stripes if consumer research had revealed a demand for them.

Research has shown through-

out, however, that the public does not want fish fingers to change. Their most valuable service to the diet has been to provide despairing parents with a means of persuading their children to eat fish. That remains their role after 25 years.

They have survived triumphantly the danger that has undermined many successful groceries. That is underlining a successful product which is a cheap substitute which destroys faith in the successful original.

Fish fingers can sometimes be found in a state which suggests that they contain more bread than fish and are made from chopped tails and fins. Such products have made no headway against the cod fish finger. A chicken finger made to look as much like the fish original as possible was introduced a few years ago. It has almost disappeared.

Bacon factories in Denmark send a similar bacon finger to Britain and have just begun selling a beef one as well. Neither has much chance of

Appointments Vacant

Deputy to the Solicitor with a view to succession

In the light of the announced intention of the Government that the Telecommunications Business of the Post Office should be transferred to a new public authority to be established by Act of Parliament, it has been decided to appoint a Deputy to the Solicitor to the Post Office.

It is expected that the Solicitor will, in due course, be appointed to the post of Solicitor to the new telecommunications authority and that the Deputy Solicitor will transfer from the Post Office to the new authority as his Deputy with a view to succeeding him on his retirement, probably towards the end of next year.

The Solicitor to the Post Office is the legal adviser to the Post Office Board and is responsible for the provision by his office of comprehensive legal services for the Post Office in England and Wales. It is expected that the Solicitor to the telecommunications authority will have similar functions and responsibilities.

The post of Deputy Solicitor will carry a salary in excess of £20,000.

Applications from solicitors should be made by letter with curriculum vitae not later than 30th May to the Director, Management Development, Post Office Central Headquarters, 23 Howland Street, London W1P 6HQ, from whom further information about the post may be obtained.

The Post Office

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Required for immediate City Centre position. The successful candidate will be responsible for the day-to-day running of the business. Salary £2,500 per annum. This vacancy is open to male and female applicants. If you are interested, please send your resume to: 10, St. James's Place, London W1P 8JL.

PUBLIC AND EDUCATIONAL APPOINTMENTS

University of Reading DEPARTMENT OF AGRICULTURAL ECONOMICS & MANAGEMENT 1980 M.A.F.F. RESEARCH STUDENTSHIP

Candidates interested in working on a comparative study of food manufacturing and distribution in the U.K. and a major E.C.C. country are invited to apply. The successful candidate will be responsible for the day-to-day running of the business. Salary £2,500 per annum. This vacancy is open to male and female applicants. If you are interested, please send your resume to: 10, St. James's Place, London W1P 8JL.

Bristol Polytechnic

DEPARTMENT OF ENGINEERING PRINCIPAL LECTURER IN THERMO-FLUID MECHANICS

Ref. No. 152 21 This is a senior post in the Engineering Department. Candidates should have substantial teaching and research experience. Salary £2,500 per annum. This vacancy is open to male and female applicants. If you are interested, please send your resume to: 10, St. James's Place, London W1P 8JL.

GERMAN TEACHER with University

degree teaching experience and language proficiency. Please send resume to: 10, St. James's Place, London W1P 8JL.

All recruitment advertisements

on this page are open to both male and female applicants.

(continued on page 26)

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Applicants who have experience in providing product education to nursing personnel on all shifts—day, evening and nights will be given preference.

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45 Marlborough Place, NW8.

Royal National Institute for the Blind

Deputy Director-General

This post will become vacant on 1 September, 1980 through the promotion of the present Deputy Director-General. Candidates must have good all-round management/administrative ability and be aware of the need to provide services in a cost effective way. Broad experience of committee work would be advantageous. Post offers scope to a person with initiative and energy who is able to work successfully with senior colleagues and staff. Salary (under review) £12,500 per annum. Preference will be given to suitably qualified visually handicapped candidates. Please apply with full curriculum vitae, including present post and salary, together with names of two referees, by 27 May, 1980. Applications, marked "Confidential DDG/RNIB", to the Chairman, RNIB, 224 Great Portland Street, London W1N 6AA.

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§ Forward bargains are permitted on two previous days

§ Forward bargains are permitted on two previous days

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THE TIMES

BUSINESS NEWS

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Confusion over sanctions as US agrees \$5m Soviet order

From Frank Vogl
US Economics Correspondent
Washington, May 8

The Carter Administration has vetoed the shipment of \$10m (£4.3m) worth of American equipment to the Soviet Union.

Officials insist this action demonstrates that the United States is determined to limit severely sales to the Soviet Union because of its invasion of Afghanistan.

But the administration has also approved a \$5m sale of energy technology equipment to the Russians, suggesting that it has decided to exempt the oil industry from its new overall sales restraint policy to Moscow.

There does not, in fact, appear to be a set of clear and consistent guidelines on new American trade policy towards the Soviet Union, despite protestations by Department of Commerce officials that such guidelines exist.

It appears that foreign pressure can play a significant role in determining that policy, with the Japanese government, for example, being instrumental in influencing the United States authorities to approve the energy equipment sale.

Japanese companies are playing a leading role in energy development projects in Siberia and the American equipment is needed for these projects.

According to the *Wall Street Journal*, Mr Dmitri Polyanski, the Soviet Union's ambassador to Tokyo, has told the Japanese government that Soviet-Japanese relations could be jeopardised if Japan imposes sanctions on joint energy projects in Siberia.

Informal sources in Washington say that the Japanese government has strongly indicated to the White House and State Department that it wants the United States to exempt oil equipment sales from its trade sanctions on the Soviet Union.

But if the United States is making no effort to frustrate Soviet energy development it is directly striving to undermine the Soviet lobby industry.

It seems as if we are saying, "we don't mind you having the oil to run your trucks, but we are going to try and make sure you just don't build any trucks," said one source.

The decision on the Kama River project was apparently influenced by officials at the Central Intelligence Agency and the National Security Council. At issue are two assembly line machines produced by the Ingersoll Rand company which were about to be shipped to the Soviet Union this week.

Sources said there has been increasing intelligence evidence that lorries built at the Kama River plants have been used by the Soviet military in Afghanistan.

"This means the end use is military, and we have been assured that the Kama plants produced only non military vehicles. As the end use of the trucks is military, we feel we have to block sales of all types of equipment to Kama", a White House official said.

He admitted that the equipment was not sophisticated or high technology and nor was it specifically designed for military purposes.

In January, shortly after the Soviet invasion of Afghanistan, the administration said it was blocking all goods that had export licences for the Soviet Union, involving 800 separate commodities.

Goods that did not come into any type of high technology category or potentially sensitive military category did not even need valid licences. This was the case for the Ingersoll Rand equipment.

However, in the past few days, the administration decided not only that the equipment for the Kama plants needed licences but also that it would not issue such licences.

An announcement is about to be placed in the United States Federal Register that will specifically state that Ingersoll Rand need not apply for valid licences because such an application will be denied.

The administration stated on March 19, after a thorough review of its trade policy towards the Soviet Union, that it would not approve sales of a long list of items. The list does not include the Ingersoll Rand machinery, unless these are viewed specifically as having military purposes, but it does cover some technology areas and, depending upon interpretation, energy equipment could be included.

The oil deal which is to go ahead is for \$5m worth of equipment from a subsidiary of the Armo Corporation for use on a drilling rig off the coast of Sakhalin Island, north of Japan.

All sales by American companies to the Soviet Union are being reviewed by a committee composed of officials from several government departments including the CIA and the National Security Council. Decisions are taken to a higher level committee.

Bank abandons plans to recall £500m

By John Whitmore

The Bank of England has cancelled its plans to recall more than £500m from the banking system next week in the face of the continuing liquidity pressures on the banking system.

The Bank has also deferred its requirement that the clearing banks repurchase some £1,000m of gilt edged stock that it bought from them on a temporary basis earlier this year. The clearing banks are being asked to repurchase the stock in two tranches on June 12 and June 17.

News of the Bank's decision helped to steady the gilt market which had opened earlier in the week of the previous day's warning from Sir Geoffrey Howe, the Chancellor of the Exchequer, that the Government believed it would be wrong to lower minimum lending rates prematurely.

Even so, gilt prices generally gave up part of their recent gains, finishing with losses of 25p to 50p. Interest in the new government stock offering—£1,000m of Exchequer 13½ per cent

1992—was also subdued, with market estimates putting applications at around a couple of hundred million.

Applications for the new stock, which is initially £20 per cent paid, were allotted in full at the minimum tender price of 96 per cent. Initial dealings today are expected to see the stock trading at a small discount.

The Bank of England's decision not to drain the banking system of liquidity comes after the continuing pressures on the system that arose from a huge flow of money out of the private sector into the hands of the Exchequer early this year.

The effect of these flows was to drain the system of liquidity and leave the banks short of the reserve assets that the monetary authorities require them to hold. Had the authorities not acted to provide adequate relief, banks would have been forced to bid in funds to allow a full unwinding of the substantial borrowing and government borrowing that has taken place between the banks and the discount market on the one hand and the central bank on the other.

The unwinding process could, moreover, be slowed down if there is a fresh spate of non-bank investment demand for government stock over the next month. That itself would not necessarily preclude a reduction in MLR if the authorities considered that other developments justified such a cut, but the authorities would probably prefer to see the unwinding process completed before they start cutting interest rates.

Just how long it will now be before MLR is reduced is a matter of some dispute in the City. Although growth in sterling M2, the broad-based definition of money, has been successfully reined back recently, this has been in large measure as a result of the Government's success in persuading investors to trade their bank deposits for gilt edged stock.

The other essential condition before a cut in MLR can be contemplated is a deceleration in the private sector's demand for credit. But this has remained stubbornly high in spite of the high cost of borrowing.

Banks' hackles up; and Financial Editor, page 23

Windfall profits tax cuts into British Gas Corporation's surplus

By Nicholas Hirst

Energy Correspondent

British Gas Corporation's large profits are to be cut by a new levy to be imposed from the present financial year.

The levy, which amounts to a windfall profits tax, was announced by Mr David Howell, the Secretary of State for Energy, in reply to a Parliamentary question. It will need legislation which will be introduced as soon as possible.

There are no details of the size of the levy or how it will work. It will be imposed on the British Gas Corporation, the monopoly buyer of supplies from the British sector of the North Sea, in respect of contracts not subject to Petroleum Revenue Tax.

It is believed that all gas now delivered from the North Sea is on contracts signed before 1975 when PRT came into effect.

British Gas's profits have caused much controversy and critics have long called for a windfall tax. The BGC expected to make £400m in the year just ended and £600m in the present year under conservative inflation adjusted accounting techniques.

But imposition of the new levy will not affect gas prices to the consumer during the next three years. In January Mr Howell announced that he expected gas prices to be raised by 10 per cent a year above the rate of inflation during this period.

At the same time a financial target of a return on the real cost of assets of 9 per cent was set. This will be modified to take into account the reduction in BGC's revenues.

British Gas said last night it was disappointed that a levy was to be imposed. "We are concerned about the reaction of our customers who are already

confused about rising fuel prices and of the impact on employees' morale."

Market research has shown that consumers have misunderstood the rises in gas prices intended by the Government. Sales of appliances have fallen and some consumers believe that gas is already more expensive than electricity. This is unlikely even after all rises have been imposed in three years' time.

It is not clear what the effect on government revenues will be by imposing the levy. Mr Howell said that "some of the financial benefits which would otherwise accrue to the corporation will be permanently transferred to the benefit of the nation as a whole."

At present British Gas pays its surplus revenues into the National Loan Account and receives interest in return. The Government has agreed to return this money in future if British Gas requires it for investment. So although the Government receives the cash, the money remains the property of British Gas and the large profits swell reserves.

A cash limit of £400m has been imposed on the corporation for 1980-81 and it was expected to be a substantial contributor to reversing the net borrowing requirement of all nationalised industries by 1983/84.

The levy will reduce British Gas's reserves from what they would otherwise be and remove the necessary for paying interest on profits lent to the Government through the National Loans Account.

But that will have to be allowed for in changes to the financial target. The change looks largely to be one of book-keeping but it will reduce the ability of the corporation to keep the windfall benefit of rising gas prices to itself and may be used to push up prices in future.



Oil price warning: Sir David Steel, chairman of BP (standing), with fellow director Mr Tom Jackson, general secretary of the Union of Post Office Workers, warned shareholders at yesterday's annual general meeting of the disadvantage which the group suffered from having to make up oil supplies with market purchases at premium prices. "We have been successful so far", Sir David said, "and for the future have now secured adequate supplies for the next few months, but the ability of any oil company to continue to pay premium prices must be in doubt when stocks are high and prices in the marketplace become soft."

Turner & Newall sells its Canadian assets for £13m

By Michael Pross

Turner & Newall, the engineering, materials and mining group, has realised £13.2m (£13.2m) from the sale of Canadian assets. The disposal is part of the company's strategy of reducing its borrowings.

Full terms for the sales, which are to the Société Nationale de l'Alumina, an agency of the Quebec provincial government, have not been settled, but the company says that the approach came from Quebec and the offer seemed fair.

The assets sold include Bell Asbestos Mines, a profit-making company previously wholly-owned by Turner & Newall and in which sizable capital investment has recently been made.

Other companies sold were Atlas Turner, an asbestos cement pipe and sheet manu-

facturing company in Montreal which has been losing money, and Turners Building Products, a similar but profitable company in British Columbia in which Turner & Newall's holding was 90 per cent.

A Turner & Newall spokesman described the disposals as a voluntary arrangement between the company and Quebec. However, with the referendum on Quebec separatism approaching, the provincial government has been anxious to nationalise asbestos interests.

In particular, considerable pressure has been put on General Dynamics the American company which owns the Quebec Asbestos Corporation, the province's biggest producer.

At the same time, Turner & Newall, like other British engineering companies, is struggling with high interest charges and low profits.

Lawson warning to building societies

By Margaret Stone

Building societies were given a warning yesterday that any move towards more competitive interest rates would mean higher mortgage rates and a risk of high interest rates elsewhere in the economy.

Mr Nigel Lawson, Financial Secretary to the Treasury, told the annual conference of the Building Societies' Association at Bournemouth that any move towards more competitive interest rates would mean higher mortgage rates and a risk of high interest rates elsewhere in the economy.

Mr Lawson was referring to the Stow Report on mortgage finance in the 1980s. It says societies should introduce competitive interest rates to clear the mortgage backlog and make home loans available on demand in the future.

Mr Ralph Stow, chief executive of the Cheltenham Gloucestershire Building Society and chairman of the committee which produced the Stow Report, said: "I don't see why the building societies should be a soft touch in the savings movement."

Mr Lawson said: "This may sound as if I am telling you 'If you try to expand we will make life difficult for you'. That is not so."

"What I am saying is that if you try to meet the demand for mortgages by raising your interest rates nearer to market clearing levels, thereby your position in the financial system would change and other changes must inevitably follow from that."

Mr Leonard Williams, chairman of the Building Societies Association, said he was not surprised by Mr Lawson's comment, but reiterated that building societies were "grossly uncompetitive and will have to be brought back into line."

Russians pulling out of shipping routes

By Michael Bailey

The Soviet Union is pulling out of two major shipping routes because of a substantial withdrawal of shipper support since the invasion of Afghanistan.

It is believed to be the first time the Russians have withdrawn from liner trade on this scale since first embarking on their major expansion programme on world routes in the 1960s.

The routes on which the Russians are expected to discontinue trading on July 1 are those between the southern Pacific coast of the United States and Japan, and the United States Pacific coast and Australia; both routes on which SESCO, the Soviet shipping trade organization, has built up a major share through big rate cuts in recent years.

According to a statement by SESCO in Vladivostok, the main cause is recent heavy cutting on the Pacific routes since some of the major American lines such as Sealand and United States Lines left the conference in order, as one operator put it yesterday, to go in "with both boots to meet cut price competition."

But for SESCO the situation has been exacerbated by a substantial withdrawal of support by shippers in Canada, the United States, Australia, and Japan who had previously supported it because of its discounts of 30 to 50 per cent on conference rates.

In London, Sir Ronald Swain, chairman of the OCL container consortium, described the move as "a setback for the Russians which I hope will be repeated elsewhere."

Sir Ronald, who has played a leading part in steering Western governments to the strategic and economic aspects of the Soviet shipping threat, said: "People are at last seeing that Russian shipping is an instrument of government policy, and that whatever the short term attractions of subsidized cut rates, the Russians have further objectives and should not be supported."

Afghanistan has clearly helped to bring this point home."

Unfortunately, as was pointed out in London shipping circles yesterday, the fleet of modern container ships employed by SESCO on these trade routes will not just disappear and there is a danger that they will be deployed elsewhere along with other Soviet ships displaced from the United States east coast.

Opec price obstacles remain but ministers reach partial agreement

From Our Correspondent

Partial agreement on a long-term strategy for the Organization of Petroleum Exporting Countries was reached yesterday at the end of a two-day meeting in Algiers.

Dr Humberto Calderon Bert, Venezuela's oil minister and the president of Opec, announced that Algeria, Iran and Libya were not in full agreement with the floor price mechanism called for in the report from the long-term strategy committee headed by Sheikh Ahmed Zaki Yamani.

Dr Bert said that pricing would be further discussed in Algeria in June and that final points of the report would be discussed at another special meeting before the Opec summit to be held in Baghdad in early November.

He said: "I am fully satisfied with the results we have achieved at this meeting. You cannot expect 12 sovereign nations to agree in five minutes on details of a report which was prepared only after two years of study."

The thirteenth Opec member, Nigeria, did not send any delegates to this meeting because its oil ministry officials face charges of corruption.

Dr Bert revealed that the conference had approved unanimously a proposal to set up an Opec bank to help developing nations. But there was no discussion of the \$20,000m (£8,800m) capital proposed by Venezuela and Algeria.

Dr Bert said the final figure for the Bank would be decided at the special meeting after Algeria when Opec ministers of finance and foreign affairs would also be present.

He said the Opec stance on the forthcoming North-South discussions at the United Nations would also be dealt with then.

Dr Bert said that it was desirable for pricing to be studied further in view of market developments.

Ministers agree that some kind of production level must be maintained in time of excess supply but that the influence of standby programming for each state was brushed aside.

Ministers felt that world market prospects were sufficiently optimistic to dispense with controls.

An alternative to programming was discussed that would enable producing states to continue oil production and store the excess as strategic reserves.

Natural gas prices were included in the discussion of floor prices.

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RHP Pre-Tax Profits more than doubled

Unaudited results of the Group for the 26 weeks to 28 March, 1980

	26 weeks to 28 March 1980	26 weeks to 28 March 1979	26 weeks to 28 March 1978
Turnover	59,841	50,390	98,417
Profit before interest	6,900	2,880	6,734
Less: Interest payable	965	679	1,466
Profit before tax	5,935	2,201	5,268
Dividends per share	2.00p	1.44p	9.90p

- Bearings activities provide main element of profit increase
- Electrical division continues to move ahead
- Philidas fasteners show further improvement
- Overseas subsidiaries sustain strong profit performance
- Profits for second half may not match the record interim results

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Financial Editor, p23
 Ronald Pullen

PRICE CHANGES

Rises		Falls	
Hydrox	17p to 62p	Autodrive	1p to 5p
Coca Cola	12p to 45p	Woolworth	11p to 23p
Gen Manganese	17p to 65p	Ferranti	10p to 50p
Rawlins & Tinson	20p to 31p	Shawin	11p to 12p
Lasmo	40p to 63p	Kinross	16p to 43p

THE POUND

	Bank	Bank
Australia	11.10	11.10
Belgium	30.35	28.60
Canada	69.75	68.25
Denmark	2.72	2.65
France	13.23	12.68
Germany	3.84	3.84
Italy	4.36	4.36
Japan	95.00	95.00
Netherlands	11.40	10.95
Spain	1.13	1.09
Switzerland	12.85	12.85
US	1890.00	1890.00
Yugoslavia	527.00	532.00

Investment trust to gain control of London Merchant Securities

Lord Rayne reshuffles his £200m empire

Lord Rayne, one of Britain's most successful post-war property developers, is rearranging the control of his master company, London Merchant Securities.

In an imaginative deal, the shares now held by Lord Rayne's private interests and through Mitraviva, a company jointly-owned with the S. Pearson publishing, banking and industrial group, are to be acquired by a little-known investment trust, Westpool, which will end up with a 50.3 per cent interest in LMS as its main asset.

Explaining the rationale for the deal, Lord Rayne said last night that there were two reasons behind the reshuffle. "First," he said, "it will provide a listed security in place of a shareholding in a private

company which presently controls LMS—in effect enfranchising LMS shareholders."

The second benefit, Lord Rayne said, was a broadening of LMS institutional investment base.

At the moment LMS has two large institutional shareholders—Norwich Union and General Accident—which between them control 16 per cent of the LMS shares. Lord Rayne said that the small number of shares available through the stock market had limited institutional interest.

In return for the issue of almost 67 million shares on the basis of their net asset value of 143.4p a share, Westpool will receive all the ordinary and deferred shares now held by Lord Rayne's private companies

and charitable trusts and Mitraviva worth £104.1m—taking the ordinary shares at 125p and the deferred at 95p.

Lord Rayne's interests will control 57.3 per cent of Westpool. S. Pearson is taking the opportunity of the reshuffle to place half its proposed holding in Westpool, with 11.1 million shares worth £15m and Lord Rayne is to sell 1.17 million shares at 136p a share.

Shareholders in Westpool, which will lose its investment trust status when the deal goes through, are being offered the option of moving with the new vehicle—which Lord Rayne intends to develop in areas that do not conflict with LMS's existing interests—or sell their shares at 143p each for cash.

Lord Rayne's private companies include the Royal Bank of Scotland, the National Westminster Bank, the London and

Legal and General, London and Manchester and Sun Life. These four account for almost two-thirds of the equity and have already indicated that they will be staying with the newlook company.

Since taking over the reins of what was just a shell company in 1957, Lord Rayne has built up a property, industrial and now North Sea oil company currently valued at more than £200m on the stock market.

In 1969 LMS acquired a 23.4 per cent holding in Century Power and Light which has proved reserves in the Hewitt, Maureen and highly rated T. Block in the North Sea.

Financial Editor, p23
 Ronald Pullen

There are fears of Soviet expansion in the Gulf area after the invasion of Afghanistan. These, and continued conflict in Iran and Iraq, have made the safety of the Strait of Hormuz of vital importance. Oman, which commands the free passage of vessels through the strait, has become the new north-west frontier

OMAN

Oman, the second largest country in the Arabian peninsula, with a population thought to be about a million, feels itself caught like a nut in the jaws of a nutcracker. It has a seaboard on both the Indian Ocean and The Gulf. To the south is the Soviet-backed People's Democratic Republic of Yemen which the Omanis, supported by the British, defeated in a bitter war five years ago; to the north-east the Soviet forces have invaded Afghanistan; across the Strait of Hormuz there is conflict between Iran and Iraq with Soviet troops waiting in the wings, writes Michael Frenchman.

In addition, there is an unprecedented gathering of naval forces in the area reported to include 25 United States warships, slightly fewer from the Soviet Union, but including warships and submarines from the Soviet base at Aden, and the new submarine pens on Socotra island off the coast of the Somali Republic, and a French force of six or seven vessels. There are also warships from the Pakistani, Indian and South Korean navies. These are all to be joined in about two months by the Royal Navy task force 318.

With the increased military activity going on all around, not to mention the abortive American rescue mission in Iran, Oman was described by one British diplomat in Muscat, the capital, as being "a haven of peace in a sea of trouble". Others say it is the eye of the hurricane and as long as the hurricane stays put Oman will survive. For the moment that is the case, and it is the Omanis' earnest desire that it should remain so. But with rumblings of reported Soviet-East German submarine intervention and disruption to come in Saudi Arabia after the invasion of Afghanistan, Oman is the new north-west frontier, a maritime barrier state between East and West.

There has been a long historical association with Britain, which has always maintained a special relationship with Oman. Britain helped Oman to bring the present ruler, Sultan Qaboos, to the throne in 1970, when he was 30 years

old. Men from the Special Air Service and Omani officers loyal to Sultan Qaboos, deposed his aging and conservative father who refused to allow the country to develop into a modern state. They were only just in time because another dissatisfied Omani, the present Under-Secretary for Defence, Colonel Salim al Ghazali, who had been trained by the Maoists in Peking in the mid-1950s, was preparing an assault force of 140 men in Iraq to come in and take over the country.

The actual succession of the young Qaboos, who had been kept in isolation in Salalah, capital of the southern province of Dhofar, for most of his life, and the British, Soviet, and Chinese involvement, is still a touchy subject with all the participants. Not so with the achievements of Sultan Qaboos since he came to power.

While still fighting South Yemen he has succeeded in bringing a remarkable degree of controlled change to his country and people quite unlike that in any other Gulf state. His policy is to modernize the country by evolution rather than financial revolution. He had a clear field to begin with, for the simple reason that there was nothing there—a few kilometres of roads, a missionary type hospital in Muscat, no schools, no doctors, no water, very little electricity.

Oman had the good fortune to start its development later, and has been able to benefit from the mistakes of others. There

is none of the status symbols—huge aluminium smelters, airports for jumbo jets, massive harbour installations and so on. Oman is a little more liberal than some states in its attitude to the many expatriates living and working there—most of them British, apart from the predominantly Pakistani labour force.

Because the Omanis are an indigenous collection of tribes who have inhabited the mountains and deserts since the Stone Age they have a sense of belonging to their country which again, with some exceptions, is different in The Gulf. They were traders and imperialists, they will tell you with a smile, having once had an empire which included Zanzibar and Baluchistan. Their frail boats went up and down the coasts of the Indian Ocean and even as far as Peking.

This has all served to give Oman a more outward-looking attitude to life and international politics. Its political relations with its Arab neighbours and others are often radical and at times confusing. It was one of the first Arab countries to recognize the Camp David settlement. It relied on military support from the deposed Shah of Iran, and at the same time received financial aid from Saudi Arabia.

Today they are in the final long drawn out stages of negotiating a multi-billion dollar military deal with the United States, a delicate subject for discussion. The Omanis are also proud to tell you that they were the first Arab country

to send a diplomatic representative to New York when to the south although there are signs that this may shift to the north and the Strait of Hormuz where Oman sees its role as that of the advanced surveillance equipment.

There is no doubt that Sultan Qaboos and his ministers are preoccupied with the communist threat Sidewinder missiles for its navy sailed across the oceans in such a manner some times that it is almost professed as an excuse for the present discussions with the United States.

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which is one of the stumbling blocks and something that Britain has apparently been unable to offer as part of any military support role it might have had in mind.

The most important aspect which the Sultan is adamant about is that there will not be an American base in Oman but there will be facilities for American forces. He told me: "If there is a situation which we think will be helpful in certain circumstances, such as aircraft bringing in supplies for the fleet we will allow it." The final details are still being talked about.

Sultan Qaboos did say, however, that there will be a large base for the Omani Navy which is to be built on the Barin coast just north of Muscat. Other sources have put the cost of this project as being about £90m. There are also to be substantial improvements to the existing airport at Sib just outside Muscat and another major military airfield in the north is also being looked at.

There is a great deal of discussion about what is happening to the former RAF base on Masirah island off the Southern Oman coast. The reports are both conflicting and confusing. The official version is that existing runway and airfield facilities are being enhanced for use by United States forces in transit to and from the United States fleet; another official Omani Air Force comment is that it is unlikely to be developed to any great extent as it lies within the monsoon belt and is out of operation too often because

of bad weather. Not that long ago the BBC World Service repeater transmitter was destroyed by a hurricane which swept the island.

The Omani Air Force maintains a squadron of Srikemasters there which are used for training purposes. Apart from the one at Sib, the Omani Air Force's main military airfield is down in the far south at Thumrait where it keeps a squadron of Jaguars and Hunters. This airfield was completed in the desert in record time about two years ago and its main purpose is to provide cover facilities for air force Jaguars patrolling the non-frontier with South Yemen a few miles to the south.

The reluctance to accept a permanent American presence in the country is not only because it raises considerable obvious difficulties with the relationship between Oman and its Arab neighbours. There is a deeper underlying factor of conflict between the Islamic way of life and American society habits which cannot and will not mix.

Referring indirectly to this problem, one American in Muscat said that the problem in the discussions between the two countries was to provide a requirement which would meet the needs of the United States and which, at the same time, meet the demands of the Omanis in all respects. All this is taking a great deal of time to work out and is causing intense frustration with senior Omani government officials.

There are undoubtedly some Omanis who would not hesitate to voice their criticism if something did go wrong and would try to make political capital out of it. The great fear is that of subversive elements working through South Yemen who might infiltrate the country and exploit a politically explosive situation.

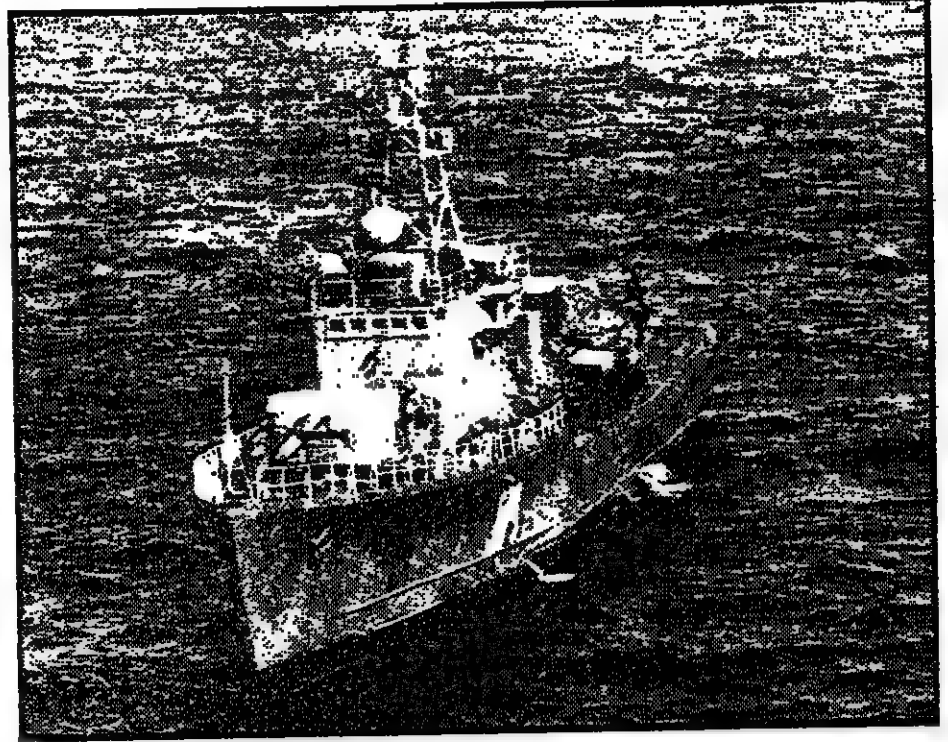
The Omanis are sensitive to the propaganda put out by Aden radio in South Yemen which is anathema to them. But the real problem could come from the hundreds of Omanis now studying abroad who, when they return as qualified men and women taking their role in society, will eventually bring in new ideas and values and will perhaps want a greater voice in the way the country is run. Sultan Qaboos is well aware of the obvious potential difficulties which may arise but firmly believes that a satisfactory transformation and change will be made in due course.

So far he has proved beyond the highest expectations that he is able to govern and develop his country satisfactorily and lead it gently into the twentieth century. At present he does not see a threat from within, but primarily from outside, in the form of military or terrorist intervention in the Strait of Hormuz either by mining or perhaps a landing on the Musandam peninsula.

Outwardly Oman appears to be reasonably placid as far as internal politics are concerned. Its diminishing oil resources are being made up by new discoveries and a BP consortium has just begun drilling for the first time in its large concessionary area in the south. Total production from onshore fields is a little less than 300,000 barrels a day and exports this year are expected to increase by 10 per cent in volume but by considerably more in revenue. A new 450 km pipeline will link the southern fields at Marmul and Amal with those in the centre and north.

The overall prospects for improved oil production are reported to be good and because of sporadic exploration in the past renewed efforts now may prove very fruitful. If the oil revenues are maintained and improved there should be cause for little political concern within the country. In the mid-1970s Oman went through a patch of over-enthusiastic development and spending but this has now been brought under control.

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For nearly two months this TSS Russian minesweeper has been at anchor just outside the navigational channel leading through the Strait of Hormuz. Its paintwork is blistered by the heat, weed is growing on the water line and there is no air conditioning. Converted for submarine rescue work, it is also equipped with electronic detection and listening devices (map, page X).

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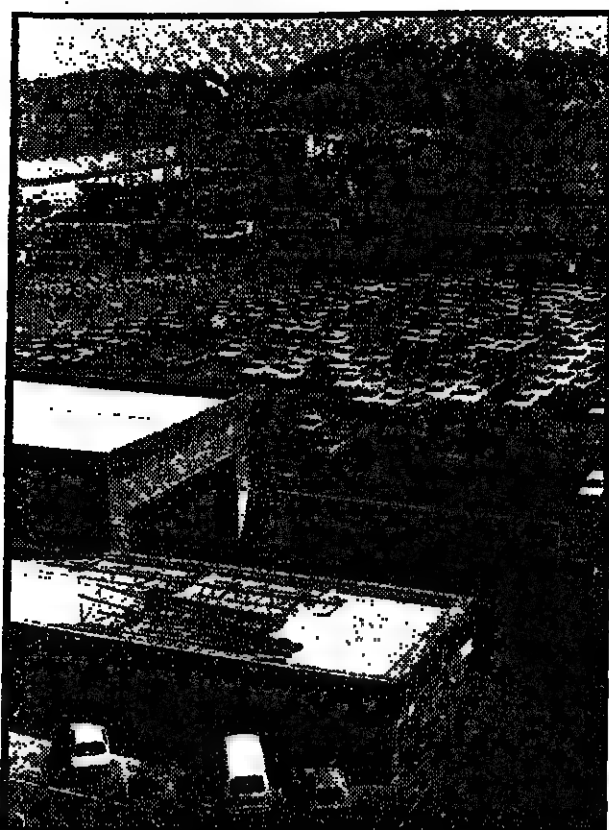
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Economy

Revenue depends on western buyers, eastern workers



Oil revenue is the dynamo of the Omani economy and accounts for 56 per cent of gross domestic product compared to less than 3 per cent for agriculture and 1 per cent for manufacturing. The oil also provides more than 90 per cent of government revenues and for nearly all exports. There are some non-oil products: curiously, Oman is the world's biggest exporter of dried limes for condiments, and exports exotic frankincense, and the henna, once again fashionable and used by hairdressers as a colourant.

Dependence on oil revenue is a characteristic which means, in turn, dependence on the western buyers of the sultanate's oil. The other dependence is on the east for expatriate workers, predominantly from the Indian sub-continent, who account for

more than two thirds of the non-agricultural private sector labour forces and for one third of civilian government employment. Oman is dependent on imports for most of its food consumption and almost all manufactured products, apart from some construction materials. Other Gulf states, notably Dubai and Qatar, have made more rapid progress in diversification of an economy away from dependence on imported goods and services.

The sultanate has had its own problems. It was only when Sultan Qaboos succeeded his conservative father in 1970 that the economy was pushed into the twentieth century. At that time, although oil revenues had been flowing for two years, there were no schools and fewer than 100 kilometres of paved road. This year Sultan Qaboos will celebrate 10 years as head of state with the satisfaction of knowing that the economy is on a sound basis with the prospect of continuing oil revenues through the 1980s.

As all sector earnings—estimated at \$2,157,000 in 1979—are channelled into

the economy, principally through the government budget, the Sultanate's external accounts are strongly influenced by the fiscal position. The budget has been in deficit for most of the 1970s though the pattern is erratic and with the oil price rises of 1979 it is unlikely that the Government will have much difficulty in meeting its commitments. With a population of about 840,000 to satisfy the absorptive capacity of the economy is not great.

The sultanate was a byword for heavy spending in the early 1970s as the Government struggled to contain the Dhofar rebellion. In particular, heavy defence expenditure stretched government finance accounting for more than 40 per cent of total spending. The Sultan, a trained soldier, invested in high technology interceptors such as the British Aerospace Jaguar and the Rapier ground-based air defence system. His neighbours, who are buying from France or the United States, are now looking at the problem in the light of the Afghanistan crisis.

A joint United States

State Department-Defence Department mission, which presented a report in January, has advised more heavy military spending. The United States is prepared to supply Sidewinder missiles for the Jaguars, replacement armoured cars, artillery and other equipment. It seems likely that Oman will buy more Jaguars from the United Kingdom for its British-piloted air force. These weapons sales will go ahead, according to the State Department, whatever agreement is reached with the United States about access to Omani military facilities in the event of a Gulf emergency or the movement of President Carter's rapid deployment force into the area.

Since defence requirements are rarely included in import figures the budget allocations are the only guide but defence spending has been running at about 270,000,000 rials (\$780,000,000) a year in the past three years but will rise to 304,000,000 rials (\$879,400,000) in 1980.

Imports picked up during 1979 to finish the year at about \$1,940,000,000 com-

pared with \$1,504,600,000 in 1978. These figures reflect a more active level of business than most traders would concede. Although they are small by the standards of the neighbouring UAE and Saudi Arabia they are good by comparison with import figures for a comparable oil producer in the Gulf such as Qatar.

If anything, the sultanate can now be said to be following a conservative economic policy. The 1980 budget is estimated at 983,000,000 rials (\$2,872,400,000) of which oil revenue will cover at least 941,000,000 rials (\$2,722,000,000) with the rest in loans, aid and other sources. It is not surprising that no London-based contractor regards Oman as a growth prospect now although many of them are maintaining a presence, usually as joint ventures with local partners.

The early 1970s saw a spate of projects—particularly in the southern Dhofar region. Some of these projects were done at break-neck speed and involved heavy overruns. The military runway at Thumrait involved the placing of 110,000 cu metres a day

and because of the high temperatures most of the concrete had to be poured at night.

This sort of project is continuing—namely in road building, as the sultanate has a land area of 310,800 sq miles and many scattered communities—but not at the pace or the extravagance of the early 1970s. Government officials are now cost conscious and well aware that competition among international contractors with equipment and manpower invested in Oman is intense, giving the Government the whip hand in negotiations over prices.

One factor in contract work is the high cost of inputs. Government plans for a construction materials industry have failed to get off the ground so far. At least one United States source—the Export-Import Bank (Eximbank)—blames the conservatism of Omani businessmen.

Mr John Moore, Eximbank president, said: "We would be quite willing to do some business in the sultanate but we have found them conservative. We had a proposal for a brick factory but

it did not go forward even though it was the type of project which they need. What you can say is that there is no question about the excellence of Oman's credit-worthiness."

This was reflected in the fine terms which it was able to secure on a \$150m Euro-dollar borrowing in mid-1979 managed by the Abu Dhabi Investment Company, the Bahrain-based Gulf International Bank and the Paris-based Al Ubaiq group. The sultanate was advised on the borrowing by the United Kingdom merchant bank Morgan Grenfell. Its terms were 3/4 per cent above the London inter-bank offered rate (Libor) over seven years with a grace period of three years.

The sultanate suffers from its slim resources of trained manpower. Although it is an oil producer the Government does not belong to Opec or the organization of Arab Petroleum Exporting Countries (Oapec) though it may join Oapec at some stage.

John Whelan
Middle East Economic Digest

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Oil

Riches that nearly flowed away

Crude oil production is a bright spot in the economy. Once thought of as a declining oil exporter Oman is getting the benefit of increased production at a time when world energy prices are high. Its commitment to a mixed economy means that international oil companies are welcome and indeed there are hopes of new finds by companies unrelated to the only producing oil company, Petroleum Development Oman.

PDO, which is 60 per cent owned by the Government but nearly took them away. At the end of 1978, despite having been an oil exporter for 10 years, the sultanate's official reserves were just over \$400,000,000, about enough to cover three months' imports. At that time the outlook was gloomy. The oil fields in the north at Fahud, Qarn Alam and Ghah were aging and in need of investment in artificial support to keep the oil flowing.

Luckily for the PDO exploration was again possible in the southern Dhofar region where the Government had by 1975 crushed a Marxist-led insurgency directed from neighbouring South Yemen by Russian and Cuban advisers. PDO was already aware of oil reserves in the south but thought they were heavy crude with gravity some-thing akin to treacle. PDO feared that the investment required—including heated pipes or tankers to transport the crude—would

prove prohibitive. As it turned out 1978 was a year of extraordinary good fortune for PDO. Crude oil was found with a higher gravity, meaning that by blending on field with the heavier crudes transportation by pipeline was feasible. Instead of having to build an oil export terminal in the south PDO was able to opt for a 450km pipeline north to tie the southern fields into the existing pipeline and use the export terminal near the capital at Mina al Fahal.

That pipeline is now under construction by Dodsai of India to a design by Pulman Continental of the Netherlands part of the United States Pulman Kellogg group. Dodsai's participation is an interesting slant on the advances being made by Indian companies. PDO is making a \$500m investment to bring the Dhofar fields on stream for an expected start up this year.

The original plan forecast output of only 30,000 barrels a day from the southern fields giving high cost per barrel. Now it is envisaged that by the end of 1980 three areas will be on stream at 70,000 barrels a day, blending light and heavy crude.

In a separate development which has also provided PDO with a bonus for its pipeline costing the French company Elf Aquitaine, Oman has struck oil in an area abandoned by PDO at Butubut near the Saudi border in the south-west. This is extremely light crude and could yield up to 75,000 barrels a day. The Elf group,

which includes Sumitomo of Japan and Wintershall of West Germany, is hoping to pipe its crude through a 100 km pipeline to join the PDO network under construction by Dodsai. The high quality Elf find will have a beneficial effect of the flow of PDO's crude.

Elsewhere the best hopes of more finds of crude oil rest with an exploration group led by British Petroleum with Agip and Diminex which is committed to an exploration well offshore this year. Other tracts have been taken by Sun and Amoco and the United Kingdom Independent Cluff Oil has also taken an offshore oil exploration agreement with the Government for a 2,400 sq km concession in the Gulf of Oman near the Fujairah border.

Gas is becoming important for the economy. A gas pipeline has been built from the northern oilfields to Ghubrah just outside the capital where a power station is situated. The gas flow has enabled the power station to convert from using other energy to gas. There are plans to extend the gas pipeline to power a cement plant and a copper smelter. The gas at present comes from a non-associated field at Yibal in the north, and flow to Ghubrah is 60 million cu ft a day.

There are plans to harness gas associated with crude oil production which is now being flared. This will mean having a fractionator to make liquefied petroleum gas for local distribution.

J. W.



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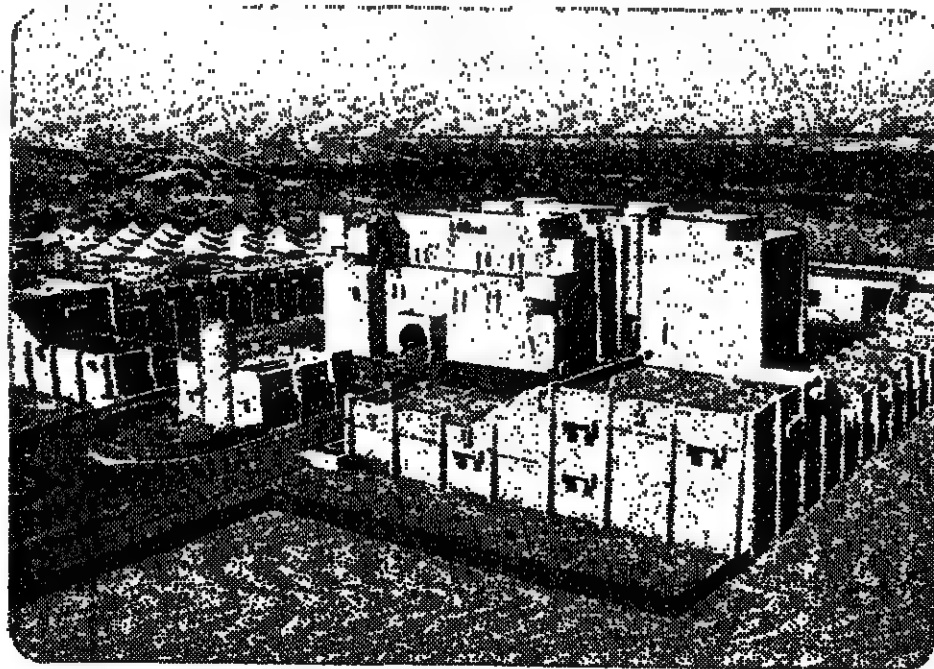
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مركز من الأصل

Minerals

Copper-bottomed growth

Industry has had a long haul in getting established in Oman. It is after all a country with an agricultural tradition where native Omanis who still work are in the agricultural sector. Many have opted for city jobs in the government bureaucracy or in the armed services and police forces of neighbouring countries.

The Government has plans for a limited number of revenue earning or import substituting industries, the biggest of which is a \$120m copper project at Sohar where field work started last year. The Oman Mining Company is a joint venture between the Government and two private companies, Marshall Oman Exploration of Houston and Prospection Oman, though the foreign partners are not actively involved.

The main reserves of copper ore are at Baida, Arja and Lasail near Sohar in the north-west, where drilling has indicated about 12 million tonnes of ore. Geological data suggest that more reserves are there, and at Rakah, south of Sohar. The cost of the project is conservatively estimated at \$120m and may turn out to be more. About \$100m has been provided by Saudi Arabia but no other aid has been forthcoming despite the blue chip nature of the project which could probably easily attract development finance.

The ore will be refined to 98 per cent concentrate and exported from port facilities to be built near the mining compound. The Government is prepared for the eventuality of making a loss but sees in the project an opportunity to stimulate the local economy around Sohar. It will also give the area roads, employment and housing.

The consultancy work on evaluating the geological and mining aspects was won by Golder Moffitt and Associates of the United Kingdom, the successor to RIZ Consultants, a subsidiary of Rio Tinto-Zinc, the multi-

national mining combine. Other contracts were won by Consult of Canada for housing, Monenco Overseas of the United Kingdom for power plants, and Kilborn Engineering of Canada for smelting. The construction period for the plant, which is to be 200 km north-east of Muscat, is expected to be two years.

The smelter is expected to be supplied with feedstock by an extension to the Yibal-Chubrah gas pipeline. The gas will also fuel a proposed cement works on which a Belgian consultant, Basse Sambre ERI, is doing design work. It is to be a million tonnes a year factory for the Oman Cement Company and Kuwaiti interests will have a 40 per cent stake.

As planned, the factory would supply cement needs and leave some for export. Another industrial project which makes sense for Oman is a proposed iron and steel complex based on direct reduction using an

electric arc furnace. Qatar is the only other Gulf state to have one. The study is being done by Dastur Engineering International of West Germany, in association with M. N. Dastur of Calcutta. It is for an initial rolling mill to produce about 120,000 tonnes a year of steel bars, rods, angles and sections. All these products are at present imported.

Foreign businessmen have tended to take the view that there is over-supply of cement factories and construction materials plant in the Gulf. Omanis say that these industries are needed to make the country less reliant on outside suppliers. A case is the proposed refinery. Because Oman exports all its crude oil, refined products have to be imported at high prices. The Government decided in mid-1979 to go ahead with plans for a refinery of 50,000 barrels a day at Mina al Fahal to be designed by Shell International Petroleum of The Netherlands.

The refinery is at the bidding stage with a spread of contractors interested, including Humphreys and Glasgow with William Press of the United Kingdom as well as Chiyoda of Japan, Badger Company of the United States, Foster Wheeler Italiana, Japan Gasoline and Hitachi-Zosen of Japan and Technipetrol, the Italian subsidiary of Technip of France. The refinery contract should be awarded by July.

Light industry is still at a rudimentary stage of development, although there have been one or two pioneering ventures. At the Rural industrial zone outside the capital area Amman, Oman has an asbestos cement pipe factory which is serving the local market and exporting some quantities to neighbouring countries.

The Oman Development Bank is one means by which the economy may be stimulated in the direction of productive investment. The Sultanate has attracted par-

ticipation by the International Finance Corporation, a World Bank affiliate established to promote the growth of private sector enterprises. The IFC participation is \$2m in equity and its partners include the Government as well as Abu Dhabi, Kuwait and Jordanian institutions. It is expected that the bank will offer local enterprises a variety of services including providing term loans and equity and underwriting capital share offers.

The development bank provides Oman with a vehicle for encouraging investment which is lacking in some of its neighbouring Gulf states. What cannot be legislated for is private sector interest which has been minimal. For the immediate future, industry in Oman is likely to be dominated by a handful of government-backed projects until local merchants can be encouraged to break out of traditional patterns of trading.

J.W.

Fishing

A hard-won asset

Abundant fisheries are often listed as one of the major natural resources of Oman. This is true, but the large-scale profitable exploitation of this resource is not as straightforward as might first appear. Unlike oil or minerals this is a highly mobile asset, and intensive and lengthy research is required into the movements of shoals on a seasonal basis in order to locate them with any degree of certainty.

The Omani Government established a fisheries department within the Ministry of Development in 1970. The department launched its first major venture in 1972 in the form of a \$2m concession to Mardela International of California, which was later joined by FMC International and Del Monte International of the United States, for undertaking onshore and offshore research with the aim of setting up a fishing industry in Oman.

In 1971 a modern fisheries' research vessel, the Darbar, was bought from Peru. This vessel has played an invaluable part in the collection of information on the potential of deep-sea fisheries, as well as providing practical training for Omani fishermen in modern methods of trawling.

The detailed report resulting from the Mardela research and the information collected by the Darbar was submitted to the Omani Government in 1975. It was revealed that the fishing grounds with the greatest potential for exploitation lay off the southern shores of Oman from Masirah Island to Kuria Muria bay. It showed that there were large quantities of mackerel, tuna, grouper, bream, snapper and sardines.

This suited the Omani government policy as the coastline in this region is either sparsely populated or uninhabited, so that large-scale fishing would not interfere with or deprive local fishermen of their livelihood.

Another essential requirement for a modern fisheries industry is a port with deep water berths for trawlers, adequate cold storage facilities, and good communication. The southern coast of Oman, completely



Fishermen clean their nets in boats.

the catch and the Omani Government 40 per cent. The Japanese pulled out at the end of 1977. The size of catches had been disappointing and the Japanese were not satisfied with the proportion that had to go to the Omani Government. In fact, for a time the Omanis found it difficult to sell their share from the cold stores in Mina Qaboos.

The Japanese concession area, somewhat enlarged, was taken over by the Koreans, who as part of the agreement were to build a fish meal plant at Mina Qaboos and to supply 30 per cent of the catch to the Omani Government.

In 1979, on the recommendation of the FAO, responsibility for the concession agreements, government trawlers and associated land facilities were taken over by a newly formed National Fisheries Corporation. It is perhaps too early to confirm the assessment that the results of the first researches into the potential of the fisheries were over-optimistic when judged by catches in recent years. Difficulties in organization, as well as marketing problems, have still to be overcome.

Omani fishermen have always been itinerant and the lure of higher wages further up the Gulf, both for fishing and other occupations, has attracted many away from their homeland. The Omani Government has gone to considerable lengths to encourage local fishermen to remain.

T.O.

Agriculture

Search for oil changing to water

Much is heard of finite resources in connexion with the Middle East, and this is normally a reference to oil. In the Sultanate of Oman this in a sense also applies to agriculture, the two finite resources being water and manpower.

By tradition Omanis have been farmers and fishermen. Indeed before the exploitation of oil in 1967 agriculture and fisheries accounted for 34 per cent of the gdp of the country, now it represents only 2 per cent, although this does not indicate a fall in agricultural production.

In the long-term agriculture is one of the major resources of Oman on which the economy will rely when the oil runs out. The Government has been very much aware of this since the accession of Sultan Qaboos in 1970. Much has been achieved in the last decade in the face of major difficulties, and many others remain to be solved in the years ahead.

Oman is fortunate in comparison with other neigh-

bouring states in that it has two ranges of mountains which act as rainfall catchment areas, the Hajar range, which is the spine of Oman proper, and the Qara range in Dhofar. Dependent on the rainfall over the Hajar range is the comparatively thickly populated and agriculturally productive Batinah coast, and the cultivated areas, which lie inland of the range. In Dhofar the cultivated land on the coastal plain around Salalah and the cattle grazing on the uplands to the north are dependent on the summer monsoon rains which fall over the Qara mountains.

A considerable amount of hydrological research to gauge the resources of groundwater upon which irrigation is dependent has been carried out in recent years and various interpretations have been placed on these. In the short term these might appear to be rather gloomy, but current problems are largely due to temporary distortions.

For example, the sudden access of oil wealth has

resulted in a move of population from the interior to the coastal region of the capital area as well as a general rise in the standard of living involving piped fresh water supplies, which has increased the consumption of fresh water for domestic usage. Groundwater, until recently, has had to meet this greatly increased demand to the detriment of water available for irrigation. Now this demand is increasingly being met by salt water distillation from the sea.

Along the Batinah coast the advent of the diesel operated pump to replace the traditional use of donkey-power has led to a greatly increased number of wells being sunk. This has resulted in a lowering of the water table and salt water seepage from the sea and greatly increased salinity. The Government has now introduced regulations restricting the sinking of new wells.

In the interior irrigation is still largely dependent on the falaj system, introduced

by the Persians many centuries ago. Over the years, because of inter-tribal warfare, earth tremors, and lack of maintenance, many of these falajs have become dry.

A good example is the Ibra area, where there is plenty of evidence that the area under cultivation used to be considerably greater than it is now, and where the local inhabitants informed me that there used to be 13 falajs running where there are only two today. There is no evidence that this is because of any climatic change, rather because of neglect and lack of maintenance. This applies to many other cultivated areas in the interior.

The drift of cultivators from the land to the more financially rewarding urban areas poses a difficulty for agriculture. Once people have left the land it is not easy to get them to return, and it is a question of persuading those who are still there to remain by means of financial and other induc-

ments.

Traditionally lines and dates have been the two significant agricultural exports of Oman, almost entirely to other countries in the region. The lines are grown in smallholdings along the Batinah coast and over recent years have been badly affected by blackfly infestation, which has been difficult to control, largely because of the tenancy and fragmented landholding system.

High quality dates, which ripen earlier than those of the interior, are grown along the Batinah coast, and there is a considerable demand for these in neighbouring countries. Date-packing factories have been established at Nizwan and Rosaq.

The Government has recognized the importance of agriculture in the national economy by allocating 26m rials to investment in agriculture in the five-year plan 1976-80. However, the human problem remains of persuading con-

servative-minded small landowners working smallholdings which are economically non-viable to form co-operatives and adopt modern methods of agriculture and diversify the types of crops they grow.

Four government farms are in operation, at Rumais and Sohar on the Batinah coast, and at Nizwan and Qurayyat in the interior. There experimental work is carried out as well as growing crops for produce, and the results of experimentation are passed to extension centres throughout the country which are the links between the government farms and the farmers.

Through these centres heavily subsidized fertilizers and insecticides are sold to farmers. Tractors, spraying equipment and seeds are also provided. Members of co-operatives get special discounts and other subsidies and financial inducements are offered to keep people on the land.

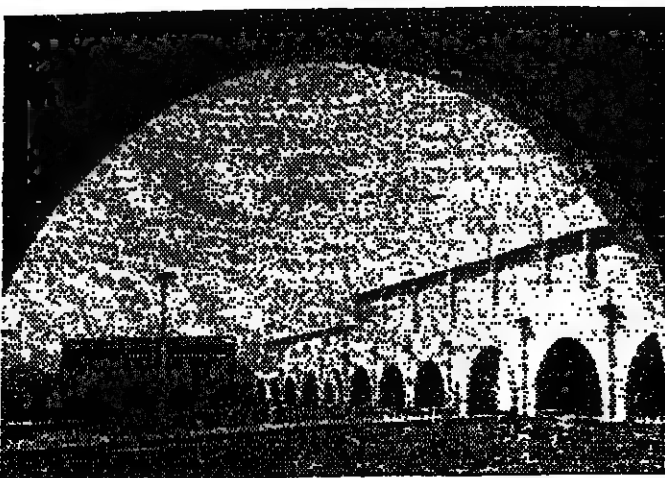
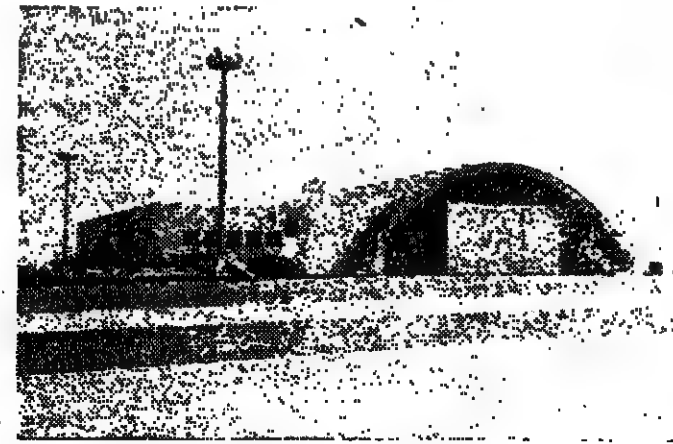
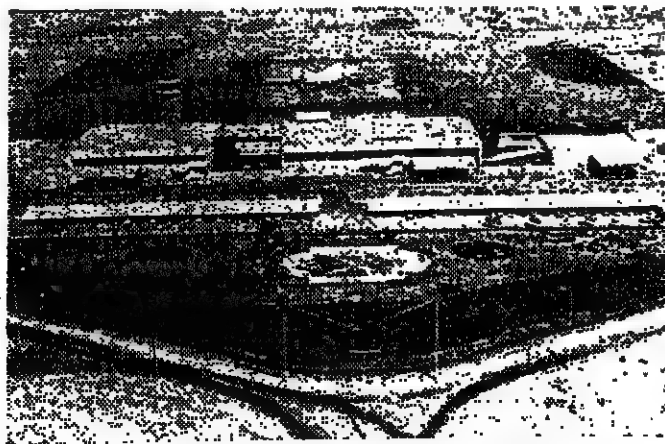
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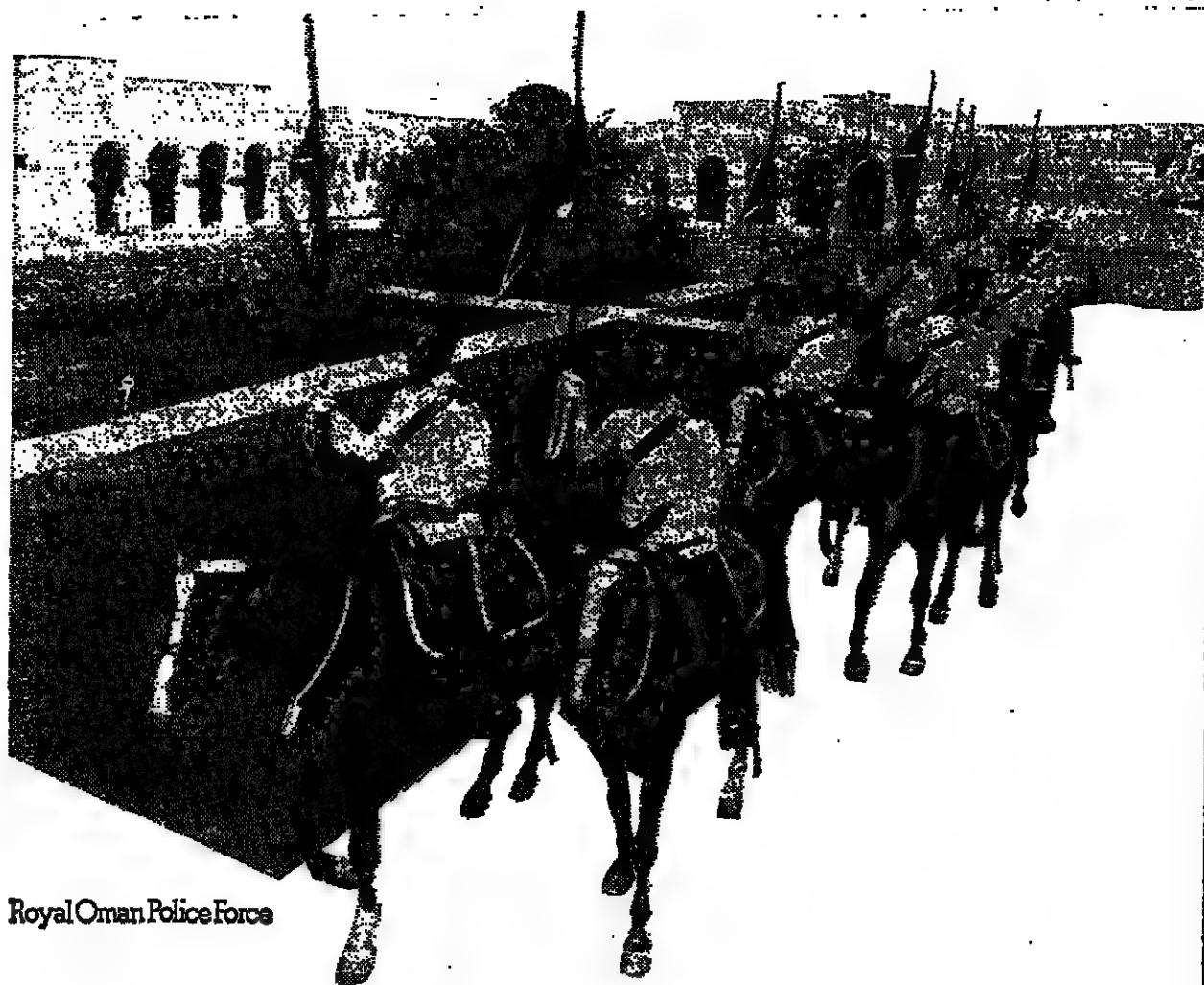
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Banking

Excellent credit rating in the West

The doubling of oil prices has given a big boost to the Omani economy, enabling it to turn a projected balance of payments deficit into a surplus last year. However, an International Monetary Fund (IMF) report has warned the state against excessive borrowing abroad at commercial rates and has criticised delays in the budget and what it called unrealistic budgetary estimates.

Debt service payments, which totalled 9 per cent of exports in 1978, are likely to rise as medium-term loans—contracted in the mid-1970s—fall due. The Central Bank has adopted a conservative investment strategy, with government holdings tending to be in longer-term assets.

Whatever the IMF's reservations about commercial borrowing, international banks were queuing to participate in the \$150m loan raised last year—Oman's first trip to the Euromarkets for seven years. Such was the enthusiasm that the loan was increased to \$200m; but increased oil revenue made this unnecessary and the loan—reduced back to \$150m—has still not been fully drawn on.

The terms of the loan—2 per cent above the London interbank offered rate over seven years with a three-year grace period—was perhaps less a comment on Oman's creditworthiness than on the enthusiasm of Western banks to lend to a stable Arab borrower.

Oman is none the less a reasonable asset for the 18 international banks—many of which have a strong Arab flavour—participating in the loan. The lead managers are Abu Dhabi Investment Company (agent), Gulf International Bank and al-UBAF Group.

The Central Bank, which recently doubled its capital to 20m rials (\$58m), is predicting a continued surplus for 1980. The bank's deputy chairman and executive vice-president, Mr Michael Brown, predicts more growth and advises bankers to assess the next five-year plan (1981-85) by looking at government planning in terms of their own goals for profitable growth.

The Central Bank, formed in 1974 to replace the Omani Currency Board, has been moving to counter the World Bank criticism that there was scope for it to be more active in its use of monetary policy instruments, such as reserve requirements and discounts, and that it should be more active in mobilizing domestic savings.

Mr Brown says that decisions taken last year—the acceptance of foreign currency deposits and the right to swap dollars for Omani rials—will help bankers maintain fund availability.

A credit department was opened on February 1 to discount and rediscount commercial bills, using regulations issued in 1978. This should ensure domestic banks' liquidity and promote the use of promissory notes and exchange bills. A department has been set up to handle credit dealings with the licensed banks, each of which will be assigned a credit limit within which it may apply for advances or discounts. Each bank has been given a limit for discount transactions, of which 70 per cent may be used for trust receipts. Bills may be discounted for 90 or 180 days.

Previously bankers had to meet liquidity requirements through dollar swaps which carried a 15 per cent interest rate. The interest rates for the bills are much more competitive, ranging from 8 per cent where six months are independently creditworthy for the full amount of the paper, to 10 per cent for trust receipts where the borrower has pledged goods imported through his bank but where the goods remain in his possession.

A further example of Oman's development is that it acquired its first line of credit to be guaranteed by Britain's Export Credits Guarantee Department. The British merchant bank Morgan Grenfell & Co signed in March a \$20m credit to be used to pay for British capital goods. Morgan Grenfell, which acts as financial adviser to the Omani Government, is the sole lender for the credit. The bank has arranged more than \$250m in loans to Oman.

The credit reflects the



Oman had 138 bank branches by the end of last year.

greater interest being taken in Oman by international companies. Its strategic position is likely to enable it to attract aid from the West, which could herald a further period of economic development.

This should provide more business for the 20 commercial banks which have licences to operate. The banks, six of which are locally incorporated, are mainly involved in trade financing, with short-term credits and personal banking services. By 1974 there were 10 banks operating, and this was increased to 20 by mid-1977, when the Central Bank introduced a moratorium.

The rise in the number of bank branches in the mid-1970s—they increased from four in 1972 to 96 by October, 1977—slowed in the past two years. The total was 138 at the end of 1979. Central Bank policy from 1975 has been to insist on two interior branches outside Muscat for each extra outlet in the capital after three branches have been set up. The policy was modified to allow the permitted number to rise to four.

The banking sector continued to expand last year. Commercial banks' assets rose by 27 per cent in 1979, totalling 408.7m rials (\$1,202m) in December compared with 321.1m rials (\$944.4m) in January. Loans and advances to the private sector rose by 18 per cent while those to the

Government fell by more than 70 per cent. Private sector loans totalled 211.8m rials (\$622.9m). Commercial bank deposits with the Central Bank almost doubled, reaching 26.7m rials (\$78.5m).

The rise in oil prices and the strategic importance of Oman have guaranteed an increase in revenue and a stronger Western political commitment. While the small gross national product—\$2,160m—means that Oman's economy will always be small in relation to its richer Arab neighbours, the new prosperity may enable the Government to relax some of its tight controls on spending and provide more commercial business for banks.

Nigel Dudley
Middle East Economic Digest

Foreign investment

Financial position sound

Oman is a large country with a comparatively small population, probably not exceeding a million. Nevertheless it has a tradition of trading with Britain, which has long enjoyed the position of being the largest exporter to Oman in spite of increasing competition, the main competitor being Japan.

Oil, on which the economy is based, first went into production in 1957. Before that time Oman was almost a subsistence one. After the accession of Sultan Qaboos in the 1970s there was an economic boom, based on the oil revenues which had accumulated during the last years of the previous regime and the quintupling of the price of oil in 1974.

In the haste to create basic and social services, it was largely a free-for-all in an easy market. The mid-1970s inevitably led to the familiar results of inflation, over-spending and labour shortages, and finally in the latter years of the 1970s the end of the construction boom.

For a time the outlook appeared pessimistic, there was much gloomy talk of declining oil revenues, an end to major construction projects and a general recession. More recently the economic outlook has greatly improved. The war in Dhofar which imposed a great economic burden on the sultanate has ended, expenditure has been brought under control, the fall in output of oil has been checked by recent oil discoveries, and the financial position of the country is sound. Recent sharp increases in the price of oil have helped considerably.

It is against this background that the visiting British businessman should base his judgments, bearing in mind that boom conditions are unlikely to be repeated, competition is greater and that various regulations introduced in recent years demand greater attention to the potential market.

Unlike most of the Gulf states the sultanate requires a visa and sponsorship for entering the country for business purposes. A businessman visiting Oman for the first time, who is unable to obtain sponsorship from the Omani Government or local firm, must obtain a letter from the Arab British partners who have at least 35 per cent share of both London before a visa will capital and profits. All be issued. Airlines at Muscat will refuse to embark passengers, branches and agencies of United Kingdom companies for Muscat who are not in operating in Oman, are

possession of a visa or where applicable a no objection certificate.

Recently the regulations for those who are to be resident in the sultanate have been relaxed by extending the validity of entry visas from one to two years, allowing the holder to leave and reenter the country on the same visa during this period.

Whereas Oman suffered chronic unemployment before 1970, leading to large-scale emigration to the rich oil states of The Gulf, there now exists a labour shortage. There are two reasons. First, many Omanis have been attracted to the UAE to seek employment, where wages are considerably higher, and second the Omani Government operates a strict immigration policy.

They have seen what has happened in neighbouring UAE, where the indigenous population has been swamped by both legal and illegal immigration.

Egyptians and Jordanians have been admitted to Oman as teachers for lack of suitably qualified Omanis. Palestinians are not popular and numbers of Pakistanis and Indians have been admitted in connection with construction projects, particularly in Dhofar. Nevertheless a shortage of suitable labour persists, as Omanis with the necessary skills and qualifications are lacking, and sometimes the inclination is lacking as well.

Labour laws were introduced in 1973 and are contained in the Labour Law No 34 of 1973. Included in this are regulations covering the control of foreigners' work, wages, leave and hours of work, industrial safety, labour disputes and contracts of work. These are contained in full in Oman, Company and Business Law, published by Arab Consultants for Arabic Law in London.

Also laid out in full in the same publication is Foreign and Business Law issued in 1973, which was amended in 1977. In essence this law permits a foreign company to undertake business activity in Oman provided that it does so through an Omani company which has a minimum paid-up capital of 150,000 rials. This can be reduced under certain conditions.

The foreign company must also have Omani letter from the Arab British partners who have at least 35 per cent share of both London before a visa will capital and profits. All be issued. Airlines at Muscat will refuse to embark passengers, branches and agencies of United Kingdom companies for Muscat who are not in operating in Oman, are

required to register with the Office of Commercial Registration, Ministry of Commerce and Industry.

Oman Commercial Agencies Law was laid down in Royal Decree 26/77 of May, 1977. According to article three of this decree an agent must be an Omani subject, not less than 18 years old, who has held Omani citizenship from birth or for more than 10 years. He should also be listed in the commercial register, and be a member of the Chamber of

Commerce and Industry. His principal place of business must be located in Oman. In the case of an agency company the Omani share shall not be less than 51 per cent of the capital. Income tax regulations are contained in the Income Tax Decree issued in January, 1971. Full details can be found in Oman, Company and Business Law. There is no personal income tax in Oman, but every corporate body in the sultanate is subject to taxation.

Tim Owen



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Health

Striking success in control of disease

characteristic that the health Organisation the first international which Oman joined Sultan Qaboos med power in 1970 and a to bring his country the modern world. ne Omanis are a proud, pendent people, in no t hurry to align them- s with foreign philoso- s of development, but he matter of caring for improving the health of attened population inter- val guidance and expe- ce were needed, sought obtained. re results of less than years' work are impres- although Dr Mubarak bedurt, the Minister of h, is far from compla- e. A practical framework been set up, and some g successes in the ol and treatment of se have been achieved. achievement in practi- human terms lies ahead a great deal more e and research. few statistics show the or of basic development. 970 there was one hospi- in the capital, Muscat. 1979, there were 15, ad throughout the adry. Health centres have increased in number from nine to 12, dispen- saries from 10 to 47, hospi- tal beds have multiplied more than a hundredfold and now number about 1,600. Medical and public health officers and dentists together totalled 13 in 1970; the 1978 figure was 143 plus 75 specialists, while the number of nurses and midwives rose from two to 683.

The Ministry divides its work into two main aspects: medical services which provide curative treatment, and public health which embraces preventive medicine and hygiene. All forms of medical service are free in Oman.

Hospitals, health centres, clinics and dispensaries come under the first head- ing. Ten of the 13 hospitals are general ones to meet the needs of their areas. The other three—Al Nahda and Khoulia in the environs of Muscat, and one at Sala- lah in the southern province of Dhofar—are "referral" providing for surgery and specialized treatments, and with full X-ray and labora- tory facilities.

In the next two years two new hospitals will be built near Muscat—one for children, and a mental hos- pital.

Several hospitals will be expanded—namely materni- ty, children's and out- patient departments at Ni- za, Sohar and Sur in the Muscat region. Maternity centres are being added to medical centres at two places in Musandam, the Oman enclave north of the United Arab Emirates on the Strait of Hormuz.

Public health services cover sanitation, communic- able diseases, quarantine, health education, mother and child health, and a vari- ety of other subjects, and they are operated not through health centres but from five main public health compounds and 25 subsidiary units all over the country. The mass media are also used for health education.

Oman has suffered acutely from two diseases: trachoma the eye infection spread by flies and dust, and malaria. Trachoma is the more serious since it causes blind- ness unless treated in the early stages, but Oman has achieved remarkable results in fighting the disease.

In 1976 a World Health Organization specialist on trachoma was called in. He made a survey of the whole country and outlined a cam- paign programme. In one town 80 per cent of the in- habitants were found to be suffering from trachoma. In 1978 the same expert returned to assess progress. Where four fifths of the population had been affected, the proportion had dropped to less than a quarter, and in some places it was not more than 5 per cent.

An intensive pro- gramme continues through health education and the school medical services, and Dr Mubarak al-Khoduri is confident that trachoma can be completely eliminated.

Malaria is a much more complicated problem. The disease is endemic in Oman and the immemorial falaj, or water channel system, as well as rivers which flow only during the rains, and pools, puddles and flood areas, all provide breeding grounds for mosquitoes. There is little enough rain in most of Oman, but when it falls the malaria vector will profit by it.

The Ministry has a special malaria research station at Al Wattraysh just outside Muscat which has been working for the past five years. Reports from all parts of

the country are monitored here and control measures planned and launched. The station is working on a pro- ject with the World Health Organization and has set up two pilot schemes—one on Muscat and one island on the Batinah coast north of the road to Nizwa.

Regular forms of malaria can now be cured by dif- ferent treatments, some of which, for the recurring type, can be lengthy. Preven- tion is more difficult because, after a time, mos- quitoes develop resistance to the insecticides used.

There is a National Tuberculosis Committee which is tackling that health problem and here, as with leprosy and mental ill- ness, the Ministry of Health works in close cooperation with the Ministry of Social Affairs.

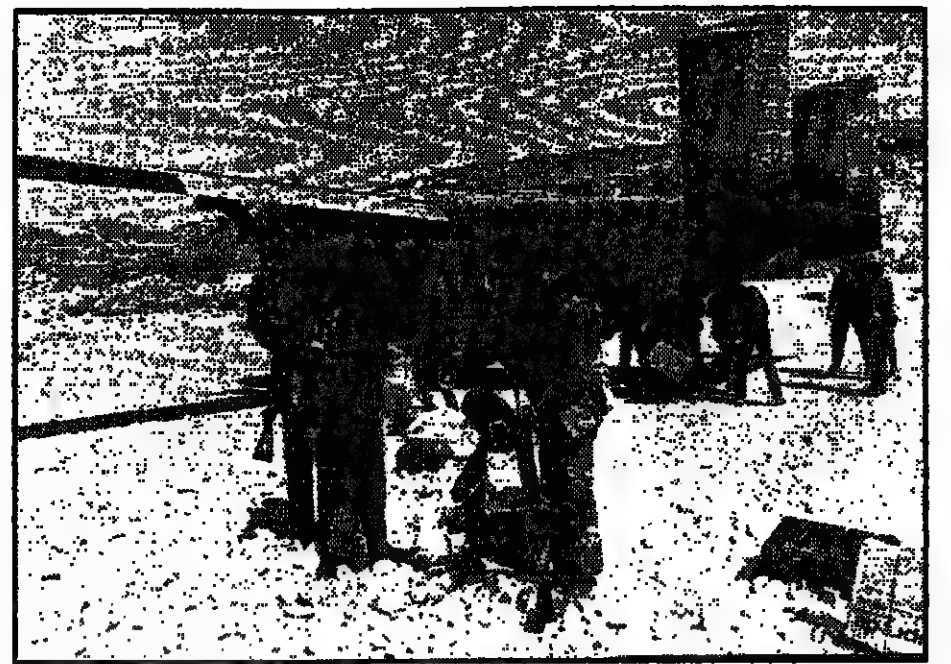
Oman has the first medi- cal library to be assembled in the Gulf area, and this has been established with the help of the British Council.

Doctors and nurses are still mainly expatriates. Most of them come from the Indian subcontinent, but there are close advisory links with Britain.

Penelope Turing

Dhofar

Grounds for optimism



As tension increases around the Gulf, eyes are once more turned on Dhofar, scene of a 13-year guerrilla war, brought to a victorious conclusion at the end of 1975.

The question being asked is whether this tension is likely to lead to a further outbreak of violence.

Despite a hostile regime across the border in the People's Democratic Republic of Yemen, strong Rus- sian military, political and economic influence, and the presence of Cuban and East German instructors and advisers, the threat is almost certainly not as great as some may imagine.

A direct military assault across the border by the forces of South Yemen, backed by the Russians is most unlikely in any situation short of a confrontation in the region between the super powers.

What then are the chances of a resurgence of guerrilla warfare?

The situation is vastly different now from that which existed in the 1960s, when a local rebellion against a repressive regime grew into a full-scale conflict supported from across the border, first with com- munist Chinese and later Russian support. To have any chance of success, a guerrilla war must have the sympathy and support of the local inhabitants. Such a situation, which existed in the 1960s, is lacking now.

It can legitimately be claimed that the battle for the hearts and minds of the Dhofaris has been won in the last decade since the accession of Sultan Qaboos. Aid has been poured into this formerly backward and sparsely populated province to an extent that some assert that the inhabitants are pampered.

Military force is neces- sary in a battle for hearts and minds. Here again the situation is now quite dif- ferent. A poorly equipped mercenary army has been transformed over the years into a highly efficient battle-trained fighting force, with the most modern equipment and backed by well-trained and equipped air and naval forces. An army which was almost entirely British-officered in 1970 now has Omani officers commanding all its regiments, with an Omani officer in overall command in Dhofar.

Dhofar to Omanis has been in a sense what Nor- ern Ireland has been to

A Short Skyvan lands at the construction of an all- weather tarmac road, of 800km, connecting Salalah with Nizwa and Muscat, where no proper road existed before. This link will have great psycholog- ical as well as economic importance.

Most of the population of Dhofar, which is estimated to number between 40,000 and 50,000, is concentrated in Salalah and along the coast. Coastal towns and villages between Salalah and the border with South Yemen were depopulated and fought over during the war. Many of the inhabi- tants fled to Salalah, others were forcibly moved into South Yemen.

Restoring the population and economy of this area has involved much effort. The inhabitants once gained their livelihood from fishing and cattle rearing, but when the war ended all the fish- ing boats had vanished and cattle rearing was no longer possible until minefields were cleared. The Govern- ment has provided aid in the form of medical services and schools, the reconstruction of buildings, and provision of fishing boats with outboard engines to put the local fishermen in business again.

Salalah has been trans- formed from an overgrown village into a modern town with well-paved streets, hos- pitals, schools, hotels, hous- ing, a new airport and colour television. Raysut, 8km to the west of Salalah, has been made into an all- weather deepwater port— the most important factor along

Britain, cut off by desert instead of the sea. Separation and distance have allowed Omanis to dis- sociate themselves from events in Dhofar, with a vague feeling that the out- come of what is happening there could represent a threat to the remainder of Oman.

There is much that distinguishes Dhofar from the remainder of Oman cli- matically, ethnically, even linguistically. The Sultan, whose mother is Dhofari, and who spent all his child- hood in Salalah, the capital, is aware of all this and has made efforts to bridge the gap, including, among other methods, the cross-posting of officials.

A development now tak- ing place is probably the most significant event so far in linking Dhofar with the remainder of Oman. This is

Education

Sultan moves towards schools for all

the beginning of 1970 there were three schools in e, all for boys. One was the capital Muscat, one the adjoining town of rah and the third at lah in the Southern Pro- g. The total number of hils was given as 100.

At the end of an Sultan Qaboos' brought h and western experi- and definite ideas on value of education with when he took over the rship that year. Educa- should be for all, men as well as women. In if of his promises tented ols sprang up in many- s of the country a few the later, to bridge the until a full educational programme could be ted.

oday, 10 years later, the an and his advisers have cause for satisfaction, though the whole sys- is far from fully devel- ed. The figures for 1978 wed 257 primary schools with almost 78,000 pupils of whom about a third were girls. Intermediate schools numbered 45, with some 2,000 pupils. About 20 per cent were girls. There were nine secondary schools, seven for boys and two for girls, and the male/female balance was 529 to 156.

Most schools are single sex, though in some of the more remote areas schools are mixed, which is regarded as a temporary measure.

Oman's basic education pattern mirrors fairly closely that of most other countries in the area. It is free, it is not compulsory and it provides for six years in the primary grades for ages six to 12, then three years intermediate school and finally another three years in secondary educa- tion.

The accent is still on the primary stages, as it has al- been on adult educa- tion and literacy classes in order to spread the new

advantages as widely as pos- sible through the people, and to mitigate the chances of a sudden generation bar- rier.

As the first and subsequent years' intake gradually moves up the educational ladder there will be a need for more secondary schools. As yet there is no definite plan for higher education centres. Every student who passes the final examination of the secondary grade qual- ifies to be sent to a univer- sity abroad at government expense, and that will no doubt remain the pattern for some time.

Secondary education, how- ever, is going to call for development. There are some 700 students in the nine schools and at the end of their first year they sepa- rate for arts or sciences.

There is also one Islamic religious school with 99 male students from the beginning of the interme- diate grades to the end of

secondary. Many of its grad- uates become traditional judges of Sharia law. One fee-paying intermediate- secondary school is also in existence.

Vocational training is one form of secondary education which is coming to the fore. There is only one technical institute: the Oman Voca- tional Training Centre in Marrah.

Here as throughout Oman's educational system staffing is almost entirely by expatriate teachers, mainly Egyptians and Jor- danians, although this vocational training centre has a number of Indian and Pakistani instructors.

An agricultural institute is due to open at the inland town of Nizwa in the next few months. This will provide secondary level special- ized training, as will another new vocational school for commercial sub- jects.

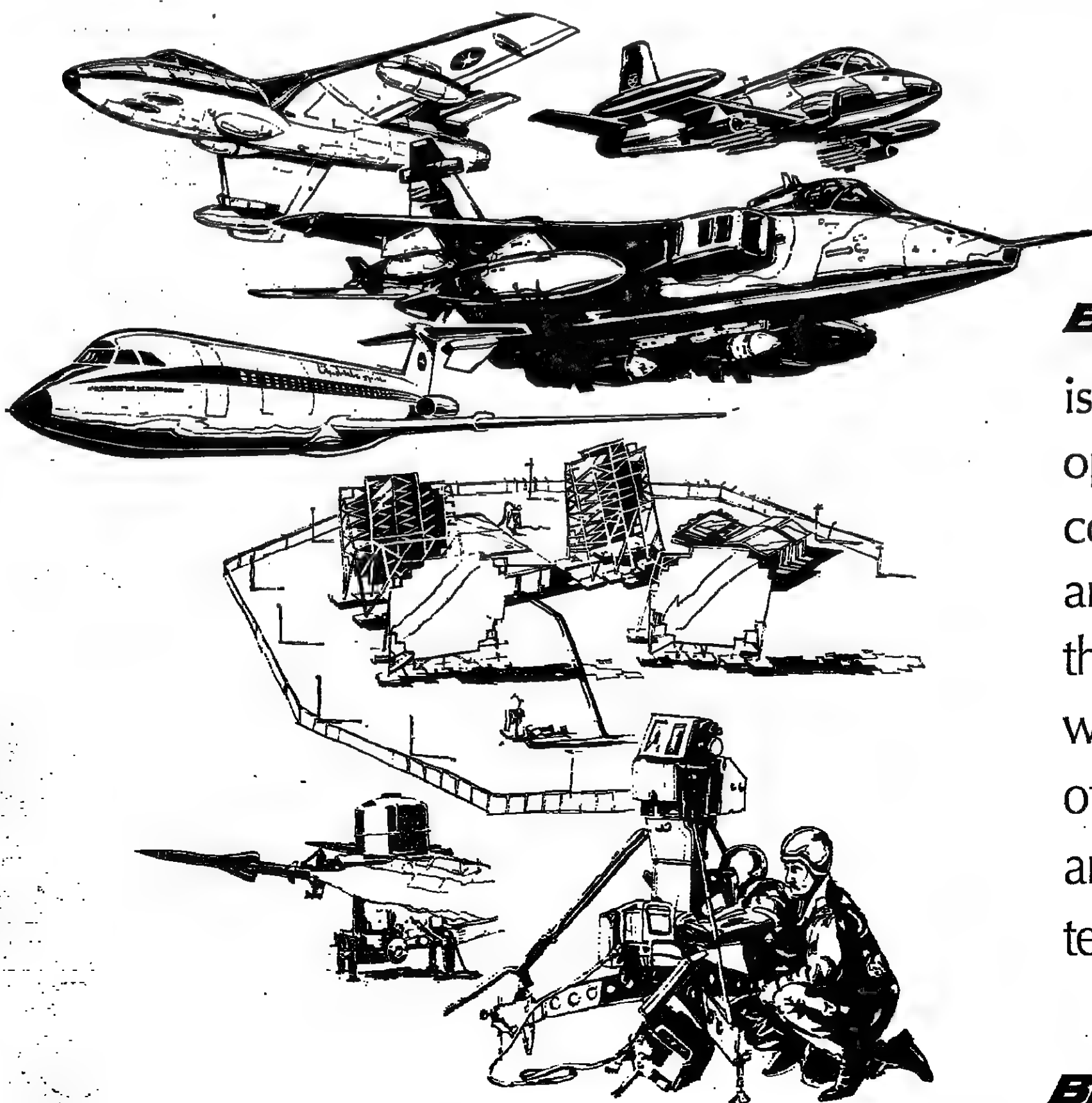
Apart from those Omanis

who studied abroad during the former regime there has not yet been time to produce qualified teachers through the new system, but some steps have been taken for their training.

One of the boys' second- ary schools, Jaber bin Said, has two classes of teacher trainees who are being prepared for primary school teaching. On a much more ambitious scale there is the teacher training institute which takes both boys and girls through a three-year secondary course, after which they will take up gen- eral teaching work at pri- mary level. The aim is to produce 100 primary teachers yearly.

It is largely to the British that Oman looks for advice and practical experience in many aspects of educational development. English is the country's second language, taught from the fourth pri- mary year.

P.T.



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Tourism

Visitors welcomed with caution to gracious, smiling land

Muscat carries its history with picturesque dignity. Guarded by two old Portuguese forts on the horns of its bay the capital of Oman is a place of visual delights: the handsome palace of the Sultan, graceful old patrician houses such as the British embassy, narrow streets, high walls, dusty squares, the sudden brilliance of flowers and the welcome green of old trees—all gathered beside the sea.

Beyond the northern headland the neighbouring town of Muscat has its fine modern concrete road backed first by stark brown cliffs, then some terraces of balconied houses overlooking the harbour.

To north-west and south the shore stretches away, fringed with sand, backed by fertile littoral or dramatic cliffs. Oman has more than 1,000 miles of coastline.

Inland the mountains rise too, brown and dry with clear-cut peaks and shadowed valleys. A short two

hours' drive from Muscat through these desert mountains, past little round hill-top forts and oases where there are groves of tall date palms, is the town of Nizwa. It has a magnificent triple-walled fortress, a colourful suk, a cluster of brown mud and stone houses and some new buildings. Close by one can see falaj water channels—the immemorial means of bringing water from the hill springs.

In the south of the country Salalah is the provincial capital of the Dhofar region. Here is a different world, for Dhofar lies within a monsoon belt which clothes the land with green and softens the fierce heat of summer.

Oman is a country of considerable beauty, scenic contrasts, and a smiling, independent, courteous people; and it is totally unspoiled by Western standards. It is therefore potentially ideal for, at least a specialized section of the world tourist market, but at present there

is scarcely a trickle of tourists. That is intentional, for Sultan Qaboos bin Said and his ministers feel that the time is not yet ripe for tourism. Security is one reason, and every visitor must have a visa known as an NOC (no objection certificate) before entering the country. Another is a natural caution about bringing a large number of strangers, however friendly, into a country which has known only a decade of development in twentieth-century ways of thinking, education, welfare, work and industry.

Lastly tourism is not viewed as a vital source of revenue as in so many Western countries. Oman is not rich in comparison with some of its neighbours, but tourism on the limited scale which would be feasible or desirable is hardly a matter of moment to the national economy.

Nevertheless, on behalf of the Government, a team of consultants is studying the possibilities of tourism in Oman, and the Ministry of

Commerce and Industry expects that some decisions will be taken in the early 1980s. In the meantime certain areas have already been designated for tourist purposes by royal decree, and a few holiday visitors are being encouraged to come, in groups only. No doubt the results of these visits will contribute to the feasibility study.

In some ways Oman is already well equipped for the holidaymaker. There is an excellent road all the way from the UAE border in the north to Muscat, and main highways lead across the country and right through to Abu Dhabi and Dubai, as well as south through Dhofar to Salalah. Muscat's Sir Sultan bin Ali International Airport is served by many airlines, and Gulf Air (Oman's national line) shared with Bahrain, Qatar and the UAE provides regular services out of Muscat to more than a dozen major cities including London and Bombay. There is also a domestic airport at Salalah,

and Gulf Air flies a regular service between Muscat and Salalah in both directions six days a week, so that it is simple to combine both regions in a single holiday.

Gulf Air is interested in holiday as well as business travel. The airline now has a special manager to handle package holiday business in the four countries to which it belongs. Excursion return fares are available in both directions between the Gulf states and European countries.

Hotel capacity in the capital area is about 1,000 rooms, more than adequate for present business demands. Indeed, the low occupancy rate at the 308-room Inter-Continental Hotel on the coast some miles to the north of Muscat was the reason that this hotel organized several tourist groups during the past two years.

Other luxurious hotels suitable for group travel are the Gulf, also some distance from the town but very popular, and the Al-Falaj and the smaller Ruwi Hotel—the latter particularly well-known to British clientele—both near the city. The Matrah Hotel is in the centre of Muscat and there are one or two smaller ones. All the major hotels have swimming pools, boutiques, and so on.

The Holiday Inn at Salalah is the only other hotel of international standard in the country.

Hotel accommodation should present no problems.

What is lacking is simpler but more general facilities: restaurants or specially designed picnic places at the destinations to be visited, public lavatories, designed and maintained at acceptable standards, trained guides, hire cars and coaches.

All these things can be developed fairly quickly, and no doubt they will form part of any plan resulting from the tourism study.

Despite the official caution in regard to opening the country to foreign visitors, there appears little danger of great numbers, either of the western hippy type whose immigration affected Goa and other parts of India, or of the

European budget holiday trade which is still faithful to the Spanish coastal resorts. Oman is too expensive for either.

For the traveller rather than the tourist, there are means who are interested in the country itself, its people and history, wildlife and antiquities. Oman has much to offer.

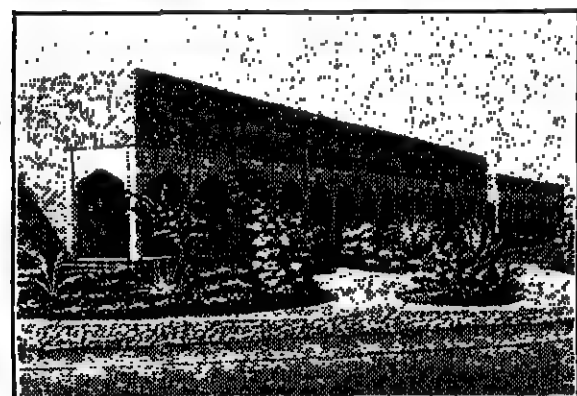
Europeans and Americans may come only for a long package to India or the East, at least until more the country is opened. But there should also be considerable opportunity for visitors from other parts of the world.

The Gulf.

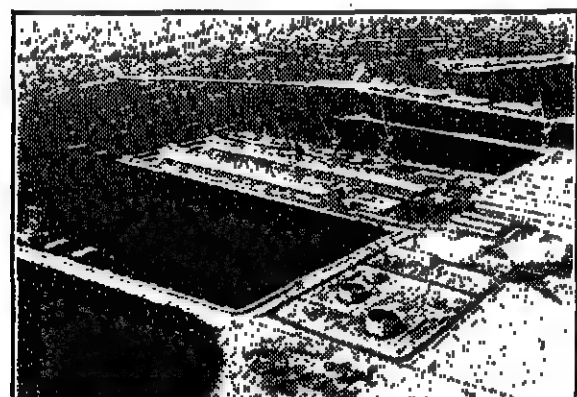
Penelope Turl

One of the two old Portuguese forts that guard the approaches to Muscat, the capital of Oman.

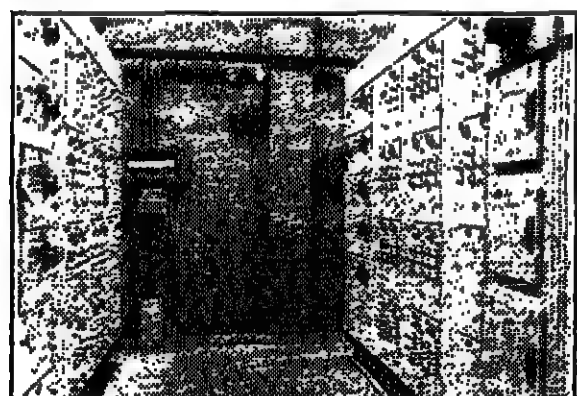
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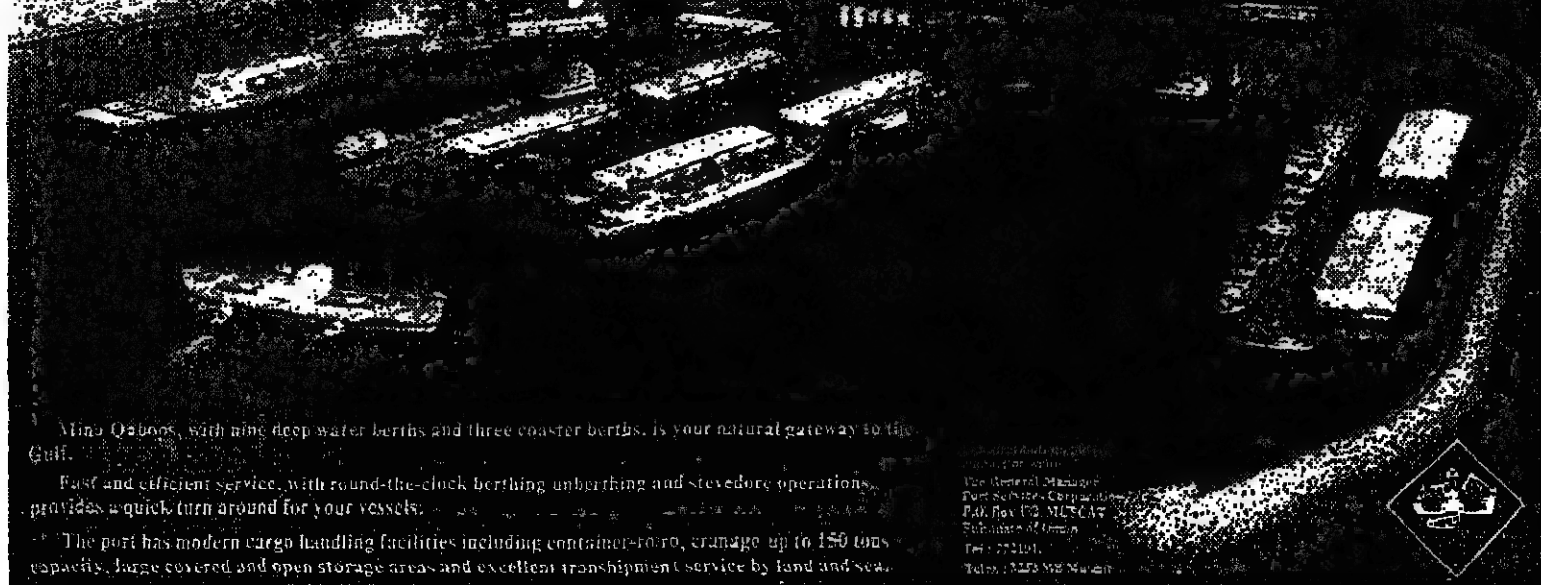
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Communications

Obstacles conquered in a decade

The Sultanate of Oman will be celebrating the tenth anniversary of the accession of Sultan Qaboos bin Said in November on the country's National Day, although his accession was in July 1970.

Oman is the second largest country in the Arabian peninsula, its scattered communities separated by high mountain ranges and hundreds of miles of uninhabited desert. Relating these two facts emphasizes Oman's remarkable achievements in the development of communications during the past 10 years.

Perhaps the most impressive achievement has been the construction of a network of roads in the face of some of the most daunting geographical obstacles. Until 1970 there were about 10 km of metalled road in the Sultanate. This was the road connecting the capital, Muscat, with the airfield at Bayt al Falaj via the town of Matrah.

During the ensuing years a metalled road was built along the Batinah coast connecting Muscat with Sohar, and this was subsequently extended to the frontier to join the road system of the United Arab Emirates. At much the same time another road was built to connect Muscat with the former capital, Nizwa, in the interior, via the Sumail gap through the Hajar mountain range.

More recently the French company, Dumex, completed a remarkable metalled road through the spectacular mountains of the Sharqiyah to connect the port of Sur, near the south-east tip of the Arabian peninsula, with the Muscat-Nizwa road. This has opened up the remote and isolated regions of the Sharqiyah to development.

Since then the road from Nizwa has been extended through the inland towns of Bahla and Ibbi to the Buraimi Oasis, where it

joins the road system of the UAE and the road to Abu Dhabi.

Now the Government has embarked on its most ambitious and important road construction project. This is an 800 km road to connect Nizwa with Thamarit in Dhofar and the metalled road over the Qara mountains to Salalah. The \$314m main contract for this road was won by Consolidated Contractors International Company of Lebanon. A subcontract for 200 km has gone to Jonsson and Partners of Cyprus.

This road, crossing hundreds of miles of uninhabited, barren desert, will provide a much-needed link between the southern province of Dhofar and the remainder of Oman, which will greatly benefit the economy of Dhofar. The road is due for completion in four years. About 2,000 km of paved roads and 9,000 km of graded roads were built during the 1970s.

No less an achievement has been the development of seaports in the Sultanate. Before 1970 there was no deepwater port. All cargoes had to be off-loaded into lighters and landed at the town quay in Muscat or over the beaches at Matrah. At Salalah in the south it was impossible to land anything for three months during the summer when the monsoon was blowing.

The deepwater port of Mina Qaboos at Matrah was completed in 1974. It has eight deepwater berths and five shallow-draught berths. After initial troubles it now has a reputation of good management, and made a profit for the first time in 1977. Congestion problems were overcome several years ago, and it is adequate to meet the requirements of the Sultanate.

One of the problems of Dhofar has been the lack of any natural harbour along the entire coast of southern Oman, and this is com-

pounded by the way the coast is lashed by the south-west monsoon from June to September.

A port has been built at Raysut, 8 km to the west of Salalah. The West German company Hochtief is carrying out extensions (costing \$87m) designed to increase cargo-handling capacity and improve berths. It will also become an all-year, all-weather port, no longer having to close during the monsoon. This work is expected to take two years to complete. By 1982 the total unloading is expected to reach 100,000 tonnes a year.

Most recently the Musandam enclave, separated from the remainder of the Sultanate by a wedge of UAE territory and until now totally undeveloped, has been receiving the attention of the Government. Over the next four years \$12.6m is to be invested in road construction in Musandam, and a weekly ferry service linking villages in northern Musandam with the Batinah coast was due to begin last September.

Until 1973 visitors arriving in the Sultanate by air landed at the airfield at Bayt al Falaj after a rather hair-raising approach over the mountains behind Muscat. In December that year the new international airport at Sib was opened.

At Salalah the former military airport operated by the RAF was enlarged and opened as an international airport in November, 1977.

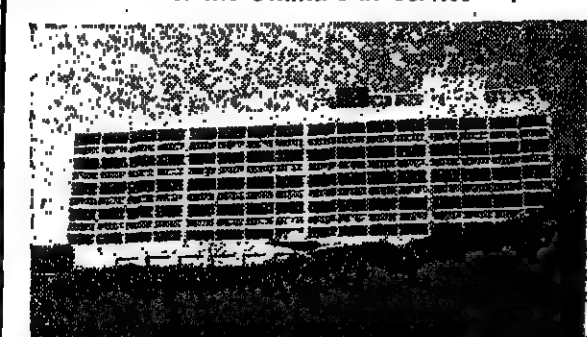
Oman has both radio and television services. There are radio and television transmitters at Qurum outside Muscat, and Salalah has its own colour television service.

Now all but a few remote areas can receive this colour television service. It is the radio services which do not reach some of the remote areas.

European budget holiday trade which is still faithful to the Spanish coastal resorts. Oman is too expensive for either.

For the traveller rather than the tourist, there are means who are interested in the country itself, its people and history, wildlife and antiquities. Oman has much to offer.

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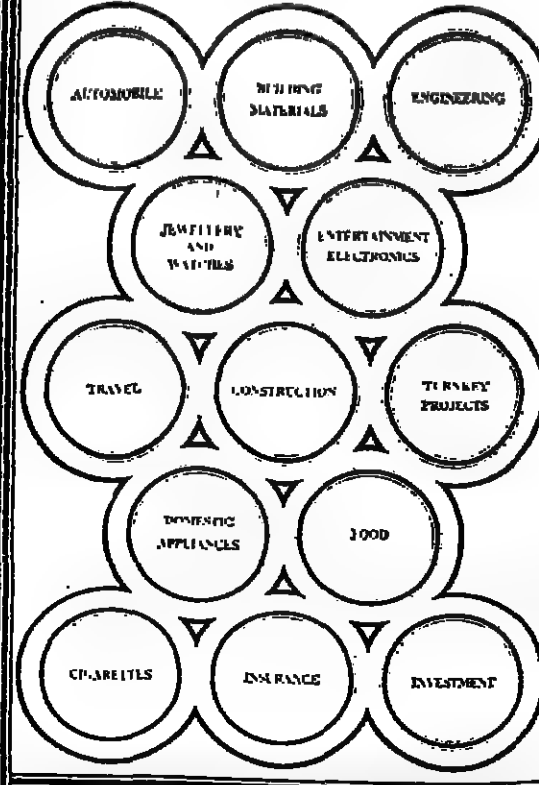
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OMAN

Conservation

Rich heritage remains largely intact

Oman is an arrestingly beautiful country, with a dramatic, harsh landscape where for centuries little has changed. Barren, amber-coloured mountains of bare rock cascade sharply into empty gravel plains supporting only an occasional oleander or camel thorn tree.

Although Oman has developed remarkably over the past 10 years, beyond Muscat and the northern coast there is little evidence of the twentieth century.

The grandeur of Oman's past and its many surviving traditions will be the subject of an exhibition to be held in the Royal Festival Hall in London from June 17-20. The exhibition is part of a festival marking the tenth anniversary of the accession of Sultan Qaboos.

The Ministry of National Heritage and both the London exhibition and a conference and festival in Oman during National Day celebrations in November. The events will also include the launch of a traditionally built boat to sail on the so-called Sibod voyage to China. Such boats were sewn rather than nailed together, and their speed and range made them at one time the terror of the Indian Ocean. This is the latest project of author and boat-builder Tim Severin.

Mingling the flavours of the sea and of the Arab world, Muscat is built round a rocky cove, guarded by mountains and two towering forts left by the Portuguese. At its heart is an elegant new palace surrounded by English lawns.

Although there is no overall conservation plan for Muscat, the town is being carefully cleaned up, and the few fine nineteenth-century houses have been preserved by royal decree. These were built round a simple courtyard with two or three storeys, and decorated only by fine lattice windows and heavy carved doors. One, Bar Nadr, houses one of Oman's two museums and others are occupied by embassies and company headquarters.

The second museum is on the outskirts of Muscat, but a new museum and cultural centre is scheduled as part of the current five-year plan. It will probably be built in Ruwi, the commercial district of the capital area, but may take time to complete, since the initial although little is known of prehistoric man until much



It is hoped to preserve this old dhow now on the Matrah waterfront.

ers Robin Wade & Associates is still being considered.

Important work is also being done at the Fort al Jabrin. This fortified royal residence was built by a ruler of the famous Yaruba dynasty, Bil'arub ibn Sultan, in the seventeenth century. It lies some 200 km south of Muscat facing the green of the oases, and the empty aridity of the central plain.

This magnificent castle became in its time both the capital of the country and a seat of culture and learning. Restoration work has been undertaken by the Government, under the supervision of Enrico d'Erice.

Archaeology, like everything else in Oman, has been developed only since the accession of Sultan Qaboos, and work is sometimes hampered by the shortage of Omani specialists. The historical legacy of Oman is rich, and there is early evidence of human occupation from flint tools dating from 1200 BC. Although little is known of prehistoric man until much

later. A well-equipped German team of archaeologists is excavating a site from about 3000BC in the Sharqiyah mountains behind Muscat.

The strategic position of Oman on trading routes linking India, Africa, the Gulf and the Mediterranean has always been important, and its ports were mentioned in early Mesopotamian scripts, and later also by Pliny. Of interest also to archaeologists is the vigorous tradition of rock carving that, judging from pictures of jeeps and aircraft that are found, has continued until this century.

To the south Dhoofar achieved fame as a port of the grand southern Arabian culture, and was known worldwide for its frankincense. Government archaeologist, Dr Paolo Costa, has led several excavations at Al Bidid, the town that lay between modern Salalah and the sea. Like Salalah, Al Bidid was built near the few fertile miles of land touched by a summer monsoon, and its port was elevated, and there archaeologists found a rare graveyard with historic inscriptions on tombs. In the rest of Oman there are few such tombs to help in piecing together the development of Islamic history.

When the East African possessions were split off from the sultanate, resulting in the loss of the Zanzibar state of penury, from which it did not recover for more than a century.

Another book which throws light on a part of the history of the sultanate, when its fortunes were at their nadir, is *Not in the limelight* by Sir Ronald Wingate, and published by Hutchinson in 1959. Sir Ronald was detached from Mesopotamia at the end of the First World War to go to Muscat and effect settlement between the Sultan in Muscat and the Imam in Niwra, who were heavily engaged in conflict at the time. His efforts culminated in the Treaty of Sib signed in 1920, which brought peace to the sultanate until 1955. This book is now out of print.

For many years these two volumes were classified as secret and, although no longer so, are difficult to obtain. *Sultan in Oman*, by James Morris, is one of the few books published on the sultanate during the reign of Sultan Said bin Taimur. Morris accompanied the Sultan in a dash across the southern wastes of Oman from Salalah to Niwra, when the Sultan evicted Imam Ghaleb from his stronghold in Niwra by a sudden appearance out of the blue in 1935. Unfortunately this colourful and fascinating description of one of Sultan Said's rare sorties from Salalah, originally published by Faber, is out of print.

Another descriptive and amusing account of life in the Sultan's armed forces, by Philip Altfree—*Warlords of Oman*—is also out of print. Written by a former officer of the Sultan's Armed Forces, it gives a lively description of life in the sultanate on active service.

Oman since 1856, by R. G. Landen, published by the Princeton University Press, is difficult to obtain. The more is the pity, as this is a detailed account of the history of the sultanate from the year of the death of Sultan Said bin Sultan, known as Sultan Said the Great, covering the period

This work on conservation and archaeology is a beginning, but there is plenty of scope for more. Many historic buildings are now threatened by development, and the rescue of a small mosque in Muscat's port, Matrah, had an unusually happy ending. The mosque was on land owned by the floor mills, and bulldozers were halted only by a circle of private cars. It has since been restored with the blessing of the mill's director, Adel Moray, and the skill of the ministry.

Niwra is the old inland capital on the far side of the mountains from Muscat. Its magnificent fort and new palace sit content with the Baysan cool of its simple housing, and the narrow, unpaved streets give fleeting glimpses of women in brilliant veils and tunics. Several years ago Niwra was linked to Muscat with a Tarmac road, and already uncivilized modern concrete buildings later the approach to this noble town. Unchecked, development could soon swamp its character.

It is also thought that the *falaj* system is threatened by new irrigation techniques. Maintenance of the *falaj* channels is communally organized and water-time carefully allocated. A

delicate social system is based on the *falaj*, but new wells will soon destroy this need. Yet in the past large areas of fertile land have reverted to desert when the *falaj* dried up, and there is obvious scope for research into how far modern agriculture could be adapted to *falaj* irrigation.

However it is unreasonable to look at a country developing as rapidly as Oman through Western eyes with detached sentiment. Many Omanis reject the old because it symbolizes a poverty they would prefer to forget, and the past few years have seen a dramatic increase in their standard of living. But too often the new is indiscriminately accepted simply because it is new.

While tourism might provide a motive for keeping old traditions alive, it has many other disadvantages, and Oman is perhaps wise to restrict entry at the moment on the grounds that the country is not ready for tourists. But in its rapid urge for development Oman should not forget the past; at present there is time to have the finest buildings and traditions, but in five years' time it may be too late.

Alison Brown

Bibliography

Few books written before 1970

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the development of the sultanate since the accession of Sultan Qaboos bin Said is given in *Oman and its Renaissance* by Donald Hawley, published by Stacey International at £20. Donald Hawley was the first British ambassador to the sultanate of Oman and served there during the time leading to the victory in Dhoofar over the rebels in 1975. Before the accession of Sultan Qaboos, Britain had been represented in the sultanate by a consul-general.

Oman in the twentieth century, by J. E. Peterson, published by Croom Helm at £10.95, is a book which should be read by any student of the modern history of Oman. It has extensive appendices and a bibliography. It takes one up to the coup d'etat and accession of Sultan Qaboos in 1970.

John Townsend, who was responsible for the Development Department of the sultanate in the early years after the accession of Sultan Qaboos, has written *Oman: the making of the modern state*, published by Croom Helm at £7.95. Townsend has taken a somewhat critical stance in his views on internal developments in Oman since his departure, and his book was banned in the country.

Sir Ranulph Fiennes, in the course of his military peregrinations round the globe serves for a spell with the Sultan's Armed Forces during the war in Dhoofar. He has written *Where soldiers fear to tread*, published by Hodder and Stoughton at £5.50. This is an attractive and colourful description of soldiering under active service conditions in Oman at that time.

A scholarly periodical produced by the Omani Ministry of National Heritage and Culture is the *Journal of Oman Studies*, distributed in Britain by Luvar at £7.50. The next edition will be a special report on the scientific results of a flora and fauna survey in the sultanate.

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Industry and politics

Government

Ministers are appointed by Sultan Qaboos and meet as a council under his chairmanship. Legislation appears to be the Sultan's prerogative, although he has absolute power and can act without consultation, he consults with his ministers, and the Council of Ministers can and does make own decisions in the Sultan's absence.

There are planning and development councils, and these are charged with the task of coordinating ap-

proved schemes and ensuring that long-term plans are not frustrated. More effort is being made to establish the viability of projects before they are embarked upon.

Regional government still follows the style established many hundreds of years ago, with *wakhs*, or *towns*, representing the main towns and areas. These men are appointed by the Minister of the Interior and have *qadhis*, or religious judges, to assist them. In the larger towns municipal councils are being established to take care of local government matters.

Ministers

ad of State: Sultan Qaboos bin Said
Governor of the Capital and Personal Adviser to the Sultan: Sayed Thuwaini bin shab al Said
puty Prime Minister for Defence and Security: Sayed Fahar bin Taimur al Said
puty Prime Minister for External Affairs: Sayed Fahad bin Said
Minister of State and Wali: Sayed Hilal bin Saud al Said
Minister of State for Foreign Affairs: HE Qais Abdulrahman al Zawahri
Minister of Agriculture and Fisheries: Sayed Abdullatif bin Ghazaly

Commerce and Industry: Mohammed Zubeir
Communications: Salem Nasser al Busaidy
Diwan Affairs: Sayed Hamed bin Hamoud al Hamed
Education: Yahya Mahfoudh al Mandhri
Electricity and Water: Hamoud Abdullah al Harthy
Endowment and Islamic Affairs: Shaikh Alwaleed bin Zaher al Hina
Health: Dr Mubarak al Khaduri
Information and Youth Affairs: Abdul-Aziz al Kowas
Interior: Badr bin Saud bin Hareb
Justice: Sayed Hilal bin Ahmed al Sammar
Land Affairs and Municipalities: Sayed Abdulla al Ghazaly

National Heritage and Culture: Sayed Faisal bin Ali al Said
Petroleum and Mineral Affairs: Said Ahmed al Shamsary
Post, Telephones and Tele-Telegraphs: Karim Ahmed al Haremy
Public Works: Dr Assim al Jamali
Social Affairs and Labour: HE Khalaf Nasser al Wahelby

Overseas trade (\$m)

Country	1977	1978	Jan-Sept 1979
Sources of Oman's imports			
Britain	202	288	121
Japan	119	149	137
United States	82	71	75
West Germany	57	38	69
France	18	38	69
Rest of the world	416	387	n.a.
Total	874	947	n.a.

Markets for Oman's exports			
Japan	807	857	812
United States	242	228	210
Netherlands	143	94	35
Norway	49	99	83
West Germany	17	36	45
Britain	143	10	31
Trinidad and Tobago	143	10	31
Netherlands Antilles	157	100	136
Rest of the world	157	100	136
Total	1,575	1,512	1,452

Source: IMF

Trade with Britain (\$m)

British exports to Oman	1977	1978	1979
Machinery and transport	106.08	73.84	77.05
including:			
Power generating machinery	—	(8.65)	(10.07)
Electrical machinery	—	(5.93)	(5.48)
Road vehicles	—	(9.50)	(7.49)
Other transport equipment	—	(29.58)	(31.47)
Manufactured goods	15.58	15.46	12.58
Chemicals	8.58	7.32	7.32
Food and live animals	4.46	4.37	3.69
Furniture	4.51	4.09	2.08
Scientific instruments	—	3.32	4.84
Beverages	1.14	1.17	1.23
Cigarettes and tobacco	2.89	2.24	2.40
Other goods	32.75	15.59	18.73
Total	173.77	128.72	129.73

The Al Bu Said dynasty

Elected imams:
Ahmed Ibn Said
Said Ibn Ahmed
Sayyids and sultans:
Rahmad Ibn Said (Regent)
Sultan Ibn Ahmed
Said Ibn Sultan
Thuwaini Ibn Said
Salim Ibn Thuwaini
Azzan Ibn Qais
Turki Ibn Said
Faisal Ibn Turki
Taimur Ibn Faisal
Said Ibn Taimur
Qaboos Ibn Said

The economy

Oman's economy depends almost entirely on oil exports. Before the advent of oil production in 1967, the Government's annual revenue was less than \$3m. Last year, oil exports were worth \$2,160m. The price of oil has risen tenfold since the crisis in 1973. This is the final year of the current five-year development plan, the general objectives of which are to develop new sources of income, to supplement and eventually replace oil income, and to increase capital investment in income-generating projects. Few such projects have succeeded so far beyond feasibility studies or the preliminary planning stage.

Much of the revenue earned during the first half of the plan was spent to pay off debts arising from development projects begun in the boom period of 1974, and high spending on defence needs. Oman boasts one of the most efficient Armed Forces in the Gulf, arising partly from the 12-year internal guerrilla war in Dhofar province (which ended in 1976) and the untidy relationship with neighbouring South Yemen. Spending on defence has accounted for almost half of Government expenditure in recent years. The need for strengthening the defences of the Strait of Hormuz is expected to lead to continuing heavy spending, especially on aircraft, ships and missiles.

The most up-to-date figures for government finance show that in 1978 revenue was \$1,450m against an expenditure of \$1,560m which, allowing for grants, left a deficit of \$110m, against a surplus of \$212m in 1977, when revenue amounted to \$1,510m. Revenue apart from oil was estimated to account for 8 per cent of the total income. Gross domestic product rose from \$2,550m in 1977 to \$2,580m in 1978, and \$3,390m last year.

Other industries

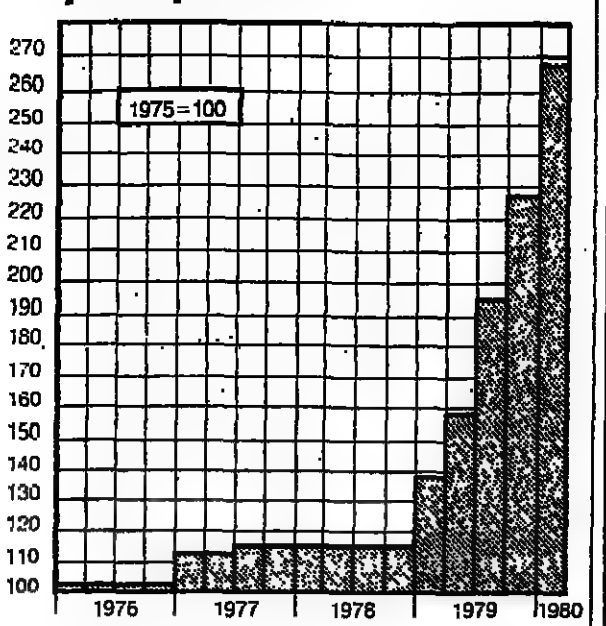
Some increase in spending on non-oil related developments is expected as a result of higher oil earnings, but little progress has been achieved in the present five-year plan. A start has been made to the introduction of a copper mining and smelting industry aimed to develop the north-west region. The Government holds a three-quarter share in the Oman Mining Co. with about \$100m of the cost underwritten by Saudi Arabia. Lack of coordination appears to be holding back the introduction of a cement works about 40 miles from Muscat. This would help to reduce the dependence on imported cement and, it is hoped, provide a surplus for export. Production is expected to start in 1982. The prospect of using gas from the oil fields to power a mini iron and steelworks has led to studies being made by international consultants, but no further progress is apparent. Apart from a few food and drink processing plants, printing units and an asbestos cement factory, there is little in the way of light industry.

Omani exports to Britain

	1977	1978	1979
Crude petroleum	7.72	14.41	5.57
Machinery and transport	5.43	21.22	19.21
Other goods	2.00	6.31	8.96
Total	15.15	41.94	31.84

Source: Department of Trade

Crude petroleum export prices



Oil

In world terms, Oman can claim to be only a small oil producer. Output in 1979 amounted to almost 108 million barrels. This was equal to just over 3 per cent of Saudi Arabian production, or about one fifth of the amount produced by the British sector of the North Sea. But in revenue terms, crude oil exports last year were worth \$2,160m, compared with \$1,500m in 1978, in spite of a 7 per cent fall in volume of sales.

The Sultanate is not a member of Opec, but has concessionary agreements which assure equal treatment to that accorded to its members, and recently has tended to charge slightly more than the official Opec price for oil exports. Reports suggest that Oman is contemplating joining OPEC.

Known reserves were put at 6,000 million barrels in 1974 and output since then has exceeded 700 million barrels.

The diminishing reserves pose a serious problem for the longer-term future of the Sultanate. Recently more oil has been found in the southern region of Dhofar and exploration in north Oman is to be intensified this year at an expected cost of \$16m. This will be in the area between Buraimi and Nizwa at Sumeiyah, a concession held jointly by two United States oil companies—Gulf Oil and Quin-tana.

The bulk of prospecting and all oil production, however, is carried out by Petroleum Development Oman (PDO) which is managed and 85 per cent owned by Royal Dutch Shell. Capital spending on prospecting and the new southern oilfields is expected to increase by one third this year at more than \$400m.

New pipelines will be needed to link the new oilfields to the existing pipeline system which carries all oil to the Omani company's terminal at Mina al Fahal near Muscat.

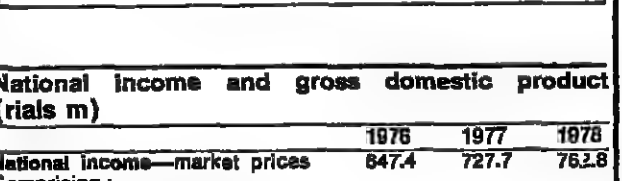
A 50,000 barrels-a-day capacity oil refinery is being built near the terminal to meet the domestic market for petrol.

Gas supplies are being provided for the capital's power station, but are insufficient for exporting abroad.

As a result of the new oil discoveries it is expected that the annual fall in oil production will be reversed this year to reach about 128 million barrels.

Coupling this improvement with the massive price increases that have taken place during the past year—109 per cent in the 12 months to March, 1980—means there will be an exceptionally high increase in oil revenue in the early 1980s.

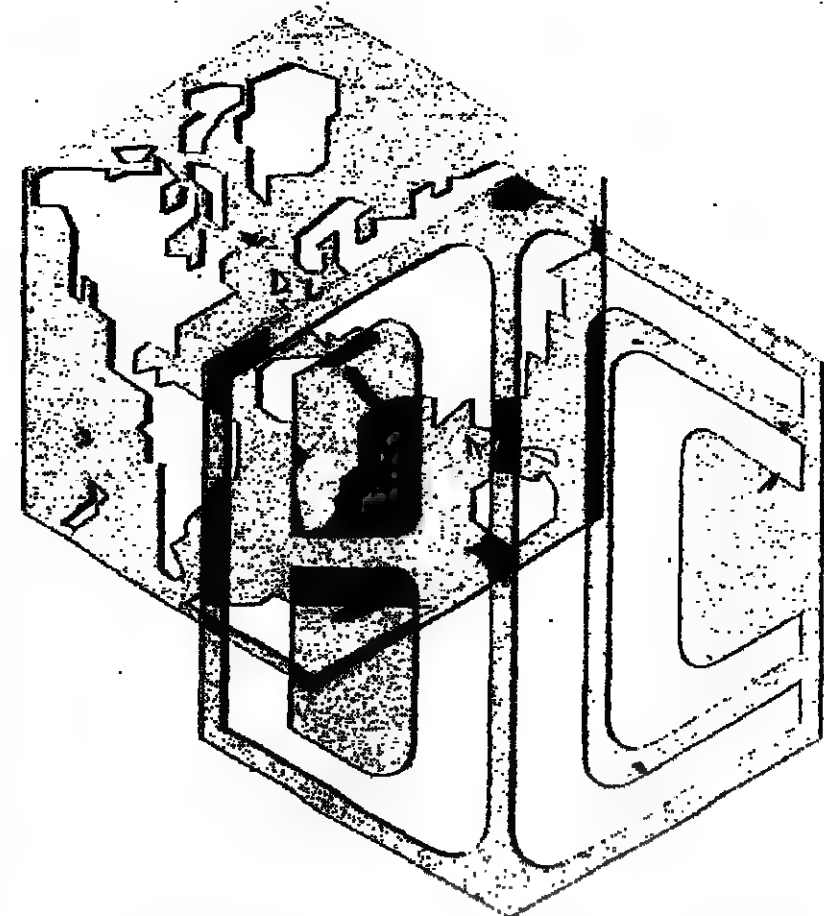
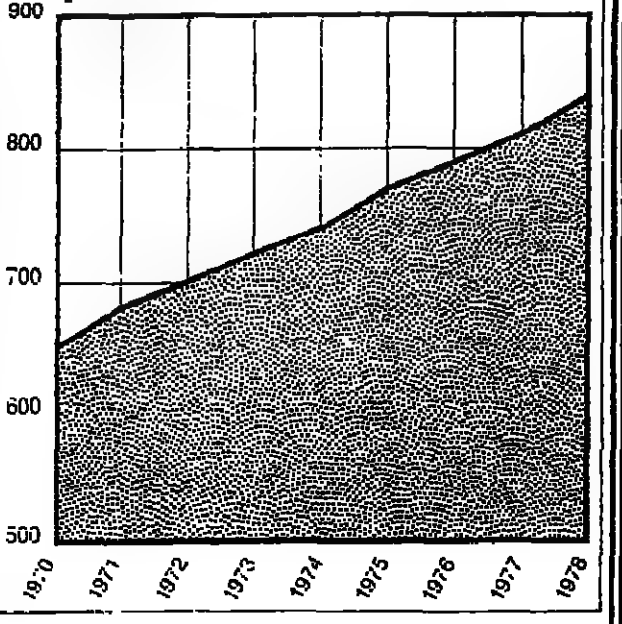
Crude petroleum production



National income and gross domestic product (rials m)	1976	1977	1978
National income—market prices	847.4	727.7	762.8
Comprising:			
Workers wages and salaries (domestic)	822.5	875.5	888.2
Operating surplus	—	—	—
Wages, property, and business income from abroad	-179.8	-152.4	-130.1
Indirect taxes	4.5	4.6	4.6
Gross domestic product—market prices	827.0	880.1	882.8
Comprising by sectors:			
Agriculture and fishing	21.4	24.0	27.1
Petroleum	530.4	534.8	498.4
Manufacturing industries	4.0	8.3	11.2
Electricity, gas and water	5.0	8.3	8.0
Construction	83.0	84.2	85.3
Wholesale and retail trades, restaurants and hotels	50.3	65.5	72.2
Transport, storage and communications	25.5	28.2	33.2
Other	107.4	128.8	157.4

Source: United Nations statistics

Population



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OMAN

Michael Frenchman talks with Head of State

'Super Q', the Sultan

During the past 10 years Sultan Qaboos, or "Super Q" as the 5,000 British expatriates call him, has dragged his country into the twentieth century without encountering many of the difficulties suffered by some of his neighbours. Until a decade ago there were many tribesmen living in the *jibal* of mountains who had never set eyes on a white man and who lived a Stone Age existence. Sultan Qaboos has achieved a remarkable degree of swift progress for his country. But he is no dreamer and Oman is no dreamland. When the British helped to remove his aging father, Sultan Said bin Taimur, on July 23, 1970, in a bloodless coup the country was immediately plunged further into a violent war with rebel tribesmen in the south backed by the full weight of a Soviet-dominated People's Democratic Republic of Yemen (PDRY). The old sultan, who had kept his Sandhurst-educated son a prisoner in the south, had refused to come to terms with the twentieth century, which enabled South Yemen to make much political capital.

The war took a heavy toll of both men and money as Oman was not one of the new get-rich-quick oil states. However, with the end of the war in 1975, its diminishing oil resources are being augmented by new discoveries which will place the economy on a firmer base and enable the new five-year development plan which calls for a budget of about \$3,000m to go ahead with confidence. Today, however, it is international politics and not so much the path towards domestic progress, now assured, that occupies the Sultan's mind. Speaking in his comfortable refurbished seaside palace in Salalah, capital of the southern province of Dhofar, he discussed a wide range of topics, quietly and frankly. He speaks fluent English with ease and has a spiritual calmness that adds weight to many of his arguments.

He feels strongly that the Western nations have failed to realize the dangers of the Soviet grand design for the expansion of communism in the Middle East and Africa, and in particular the vulnerability of the Strait of Hormuz at the entrance of the Gulf.

"We have recognized the



Qaboos bin Said, Sultan of Oman: in 10 years "dragged his country into the twentieth century".

seriousness of the Soviet threat for the past five years; we warned the West what would happen in Africa. Now Afghanistan has made us all aware of the situation." He believes that the Soviet Union has a new expansionist policy and if necessary would interfere in any country outside the Warsaw Pact. He added: "The free world should really wake up to the fact and not allow the Russians to go on doing what they have been doing."

The Sultan, in common with his ministers and advisers, is preoccupied with the possibility of a full-scale attack through South Yemen. "We have fought and fought for our independence, and won; but if there were to be a massive attack supported by combined Russian, Cuban or East German assistance, the result might be different." The chief threat, he thought, was "still from the south, with the Russians taking advantage and supporting a spurious and orchestrated subversive element within our country."

The one encouraging factor in the south was reports of serious discontent among the South Yemenis. Many of them were disillusioned about the Marxist message as a result of the dire economic problems facing the country. This was why many refugees were said to be coming across the border into Oman.

The Sultan is a deeply religious man and an authority on Islam. Discussing the relative merits of Marxism and Islam, he said he would like to believe that the ideologies had nothing in common. But there was one meeting point, he said after a pause for thought: "Islam is for the people. Islam is based on collective thinking—the people must be together as in all great religions. Otherwise, there is no similarity whatsoever with communism."

He went on: "Communism will never succeed in any country which has a strong tradition of belief in a religion. It might perhaps be attractive to a few individuals in an Islamic country, but never on a large scale. No Arab, or truly Islamic people, will ever be sympathetic to Leninist or Marxist theories."

He dwelt on the subject for several more minutes, then stopped for a moment to gaze out of the open window across the Gulf of Oman to the north. Referring once again to the question of individuals who might be susceptible to the attractions of communism, particularly those in countries with large populations spread throughout the land, he said it might be possible for a few individuals to try to sow the communist seed and gain some influence over sections of the people. But, in the long term, he believes that communism would never get a real grip

on an Islamic country and certainly not in Iran. This was his only reference to that state, with which Oman had enjoyed very friendly relationships under the Shah's regime.

Returning to the military threat, he said he was concerned at the bad relations between Iran and Iraq and the reported massing of Soviet troops on Iran's northern border. Logically, he considered that this could lead to renewed activity in South Yemen. If the situation were to worsen in the north and south, Oman would be caught between the Soviet pincers.

"There would then be a direct military threat to the Strait of Hormuz, but our real concern there now is the threat of terrorist activity, and in particular mines dropped into the strait in the Gulf," the Sultan said. He has been much criticized privately and to a limited extent in public, mainly overseas, for his style and method of government, which he feels outsiders do not understand.

"We are ruled by the Koran and that allows us to say exactly what we think when speaking of government. We base our system on the Islamic tradition. We will not import the form of democracy that you are familiar with. The people will be represented in government when they have learnt to understand what that really means. After all, you in Britain took hundreds of years to evolve your system."

His next remark, which were not intended as a comment on the Westminster style of government but on many of the imitations by developing countries, were particularly outspoken as he added: "Here, we do not do anything for show in our rule. It must be genuine. It must be right. Every country must eventually form its own kind of democracy."

The Sultan, as well as being head of state, is Prime Minister and chairman of the executive authority, the Council of Ministers. He refused allegations that he ignored his people's feelings and wishes. He makes regular tours of his country for several weeks at a time visiting all the towns and remote villages. These are great chances of 100 or more vehicles. At each stop the

continued on page VI

'No go' strait patrols stretched to limit

After a gruelling two-and-a-half-hour ride in a small Omani Air Force Bell helicopter we flew out over the Strait of Hormuz just north of the inhospitable sunbaked Musandam peninsula. We were looking for the super-tankers, those Leviathans, which carry 60 per cent of the free world's oil supplies from the Gulf ports.

Legend has it that one passes through the strait leading to the Gulf of Oman and the Indian Ocean every 10 minutes. But this, like many other things about the strait, is a myth. On that day we could not find a single tanker or for that matter any other vessel. We circled the tiny Coin Islands, three lumps of rock, south of the eastward navigation separation channel.

Just outside Omani territorial waters through which the channel now runs we spotted a rusty, beat-battered converted Soviet T58 class minesweeper, hull number 679. This submarine rescue and coordination vessel had been anchored in the same spot for seven weeks, so long that weed was growing on the water line. The crew inside must have been going through hell as the temperature outside was well into the hundreds and it had no air conditioning. Earlier a large Kresta II class cruiser had been on station there, one of several Soviet warships which had been at anchor since a week after the seizure of the United States hostages in Iran, the northern shore of the strait.

Some hours earlier after arriving in the helicopter at Goat Island, which is to be the new Omani naval base in the Musandam which looks like Norway without trees, we went out in a British-built high-speed 47.5 metre Brooke Marine patrol craft. The Al Mansur tossed and rolled unpleasantly in the swell as we searched for "visitors" who might try to use the inshore channel just north of the Musandam and south of the Coin Islands, which is now a no-go area for foreign vessels. About two or three ships try to take the shorter but more hazardous route when entering or leaving the Gulf to cut fuel costs.

According to a log kept by the Navy for two months, on average 77 ships pass through the strait in either direction every 24 hours. But this is a little misleading as ships come in bunches of two or three

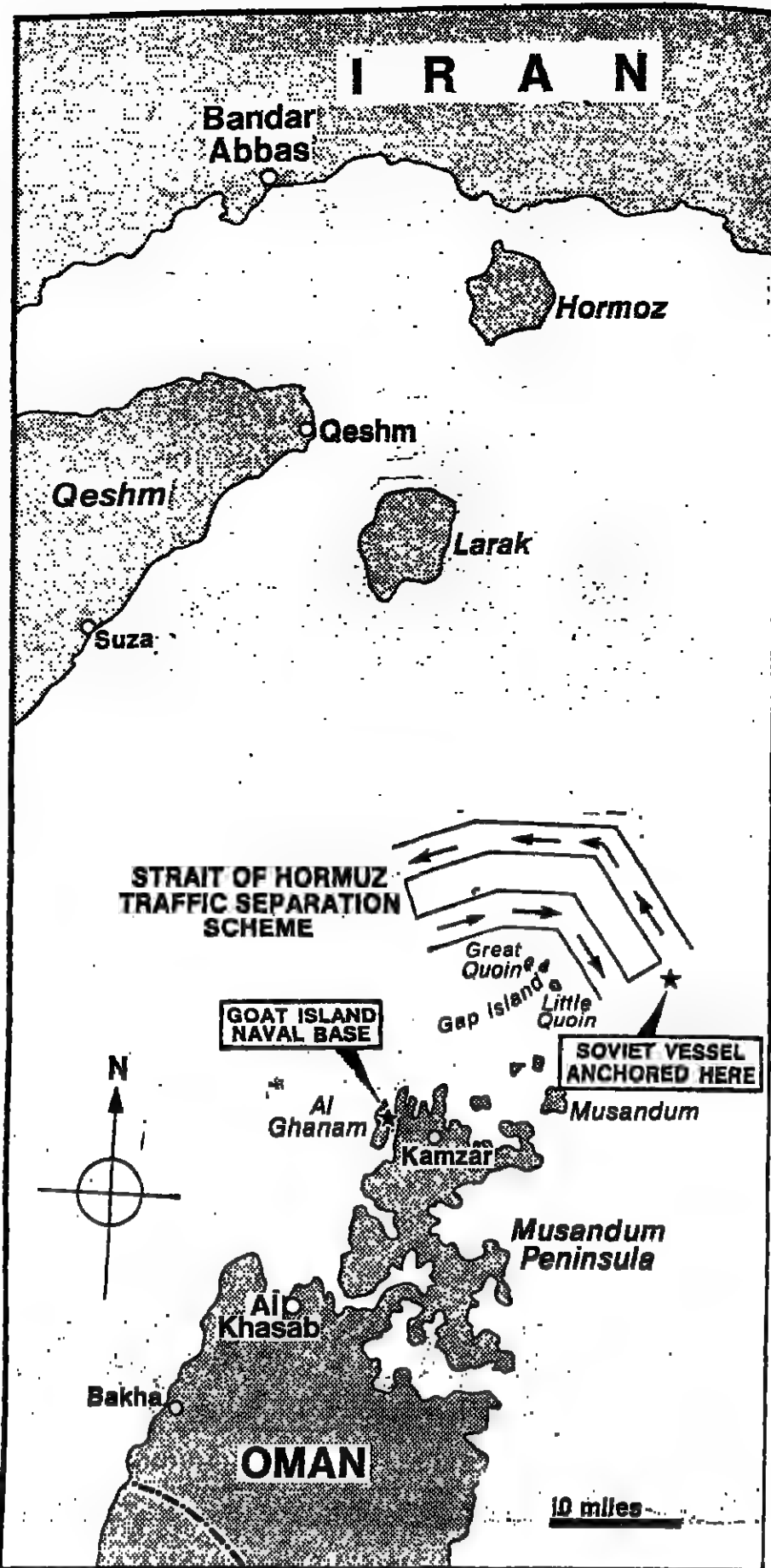
with big gaps in between, sometimes for as much as four hours or more. The strait is not like a narrow canal and the navigation channels are two and a half miles wide with a separation channel in between.

The channels are also not that shallow. The northern one used for entering the strait has a depth of at least 67 metres and the southern exit channel around the Coin Islands is at least 83 metres deep. Therefore it would be almost impossible to talk about blocking the strait by sinking a tanker or any other large vessel. The Omani Navy is stretched to the limit in its endeavour to patrol the strait with its six high-speed patrol craft which have an operational speed of only 18 knots (higher in an emergency) and have also to patrol the total coastline of the country, about 1,250km. At Goat Island, once an old Royal Navy wartime signal station, a radar station is being built. Because of lack of resources the radar set in operation there was taken off one of the small navy boats, and is the only set carrying out complete surveillance of the strait. A "slave" radar installation is to be built on one of the Coin Islands and will be connected in due course to the Goat Island station.

Facilities on the mainland of the Musandam peninsula are also being extended and new ones built. These include a better landing strip for fixed-wing aircraft and most important a road link to the southern plains and the rest of Oman.

The Musandam is a vast mountainous region with enormous fjord-like inlets. It has a tiny scattered population of perhaps 3,000-4,000 wild tribesmen who live in caves in the mountains and eke out a living by fishing. There is not a tree or blade of grass. Cut off from the main part of Oman by one of the United Arab Emirates which sprawls across the peninsula through a gap in the mountains, the Musandam is strategically one of the most important areas in the world. Militarily it is also one of the most vulnerable, something which the Omanis have been trying to make the rest of the world realize. It is to be hoped that the message is being understood in the light of recent events.

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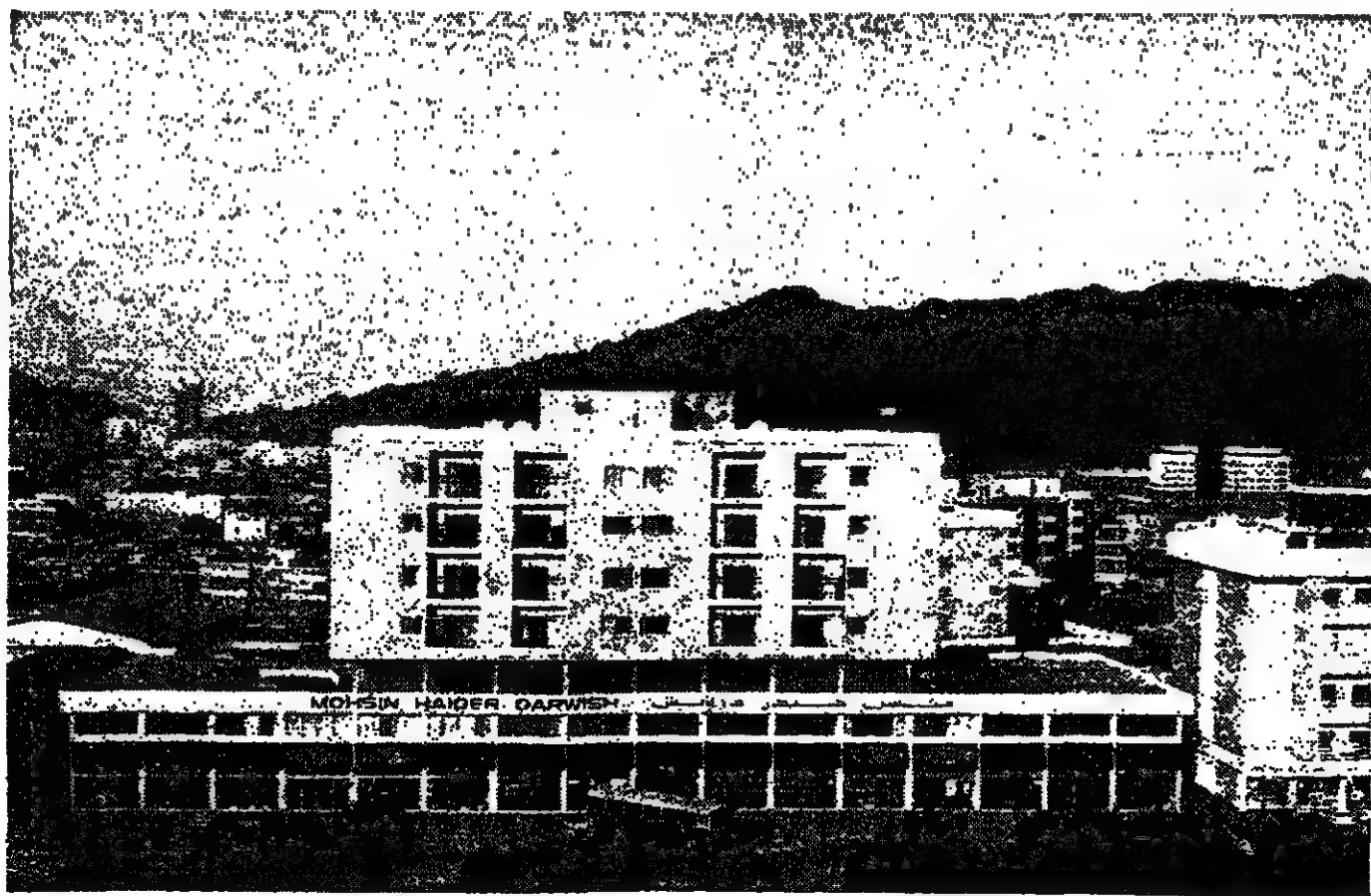
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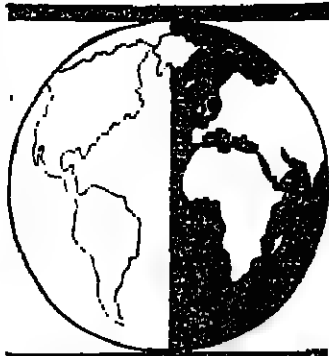
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Yen support measures likely to be revised

Japanese finance ministry officials have said they expect measures adopted on March 2 to support the yen will be revised or scrapped if the currency strengthens sufficiently against the dollar.

The measures helped to stem a surge in the dollar, which briefly touched 264 yen last month. It closed at 232.65 yesterday.

Mr Haruo Maekawa, governor of the Bank of Japan, said, however, that the measures will not be changed for the time being.

Extra quotas for Japanese banks to bring in Euro/yen—currency held overseas as deposits—through in-house accounts was not intended as a step towards liberalizing the banks' main quotas for conversion of dollars into yen, officials said.

Taiwan-Canada pact

Taipei, the state-owned Taiwan power company, signed a draft agreement with Norco Resources, of Canada, for a long-term coal mining joint venture in British Columbia, Canada.

China steel plant

China has signed two contracts worth a total of about \$8,000m (about £1,670m) to buy machines and equipment for its 300,000-ton project to build a steel factory at Pao-shan, Shanghai.

Manila nuclear ban

Construction of the Philippines' first nuclear power station will remain suspended, despite the United States Nuclear Regulatory Commission's approval of the export of an atomic reactor to the Philippines, the National Power Corporation announced in Manila.

Danish jobs down

Unemployment in Denmark during March totalled 174,576 or 6.6 per cent of the labour force. This compared with 6.9 per cent in February and 7.3 per cent in March last year, the government bureau of statistics announced.

Tokyo coal imports

Japan has reached basic agreement to import 600,000 tonnes of Chinese steaming coal this financial year at prices about 25 per cent above fiscal 1979.

Swedish reserves up

The Bank of Sweden's foreign exchange reserves rose to 15,100m crowns (about £1,589m) in April from 14,930m in March and 17,730m a year ago. At the same time Sweden's external debt rose to 26,550m crowns from 24,550m at the end of March.

UK may 'squander' its chance to expand chemicals industry

Contract delays hinder investment

Britain's reputation for being unable to build large-scale projects to time and cost specifications is deterring companies from investing in the chemical industry, according to a highly critical report submitted to the National Economic Development Council.

The report gives a warning that unless on-site difficulties and other problems are resolved promptly Britain could squander a unique chance of industrial expansion. It adds that some opportunities have already been missed.

Its authors say that the availability of North Sea feedstocks, especially gas liquids, provides an unparalleled opportunity for expansion of the petrochemicals sector.

"If these opportunities have not been grasped within a short period, probably of less than 24 months... there may well be accelerating decline in the relative strength of the sector."

The construction of the ethylene cracker for Esso Chemical at Mossburn in Fife, is a crucial test for the industry. The authors say: "Any relative failures associated with this project will raise very serious doubts about any further major petrochemical development in the United Kingdom."

The report was prepared by the petrochemicals sector working party, representing government, unions and management. It takes to task clients, contractors, their labour forces, and the Government.

Sales drive in medical instruments

By Pearce Wright
Science Editor

Cambridge Instruments is launching a renewed drive on the international market for scientific, medical and industrial equipment. Six months after a complete restructuring operation, that took five years to complete with the backing of the National Enterprise Board, the company is taking over two of the medical equipment divisions of the Warner Lambert organisation.

In addition it has launched a new range of electron microscopes and electron beam machines for manufacturing microprocessors that are competitive in price with main Japanese and American suppliers, and are technically in the front of the marketplace. In the third area of expansion, the development of robot control and automation equipment for industry, progress is at an earlier stage.

The managing director, Mr Clive Segal, described the transformation of Cambridge Instruments as "a conversion from being a purely engineering oriented company, to one that was a marketing and cost-conscious production organisation."

The acquisition of the new medical equipment concerns provides Cambridge Instruments with established manufacturing and marketing bases in the United States and Germany, and an organisation for the first time in the Middle East to channel the complete product range. The overall order book stands at a record level of £16m and the estimate for the year is £20m.

The move into the medical instruments for non-invasive diagnostic work and intensive care for heart disease and neurological conditions, could provide an important new source of income. Sales in this field are expected to more than double to about £25m a year.

to abide by conditions and the spirit of a national agreement now being worked out. Government is told that an urgent inquiry into planning delays is needed.

A series of inter-linked initiatives need to be taken quickly: the role of Government in these is central in ensuring that the climate for investment in the United Kingdom, both for companies already manufacturing here and those considering coming is as favourable as possible.

The report comes at a time when chemicals investment in the United Kingdom, which totalled £1,093m in 1979, is expected to fall by 14 per cent this year. The downturn is expected to continue until at least 1982, by which time annual investment will be about 30 per cent down on the peak level of 1978.

Leading industrialists have cited shortage of cash and lack of market opportunities as reasons for the slump in investment.

However, there is no doubt that some of the horror stories coming from large sites, both in the chemicals and the engineering sectors, have made companies think twice about building in Britain.

The generating board recently lost patience and closed the Isle of Grain power station site after many months of trouble. The ICLBP Chemicals joint ethylene cracker at Wilton, Teesside, came on stream two years later than estimated and at £200m—a cost twice the original, projected figure.

In doubt until it was reviewed earlier this week, says that the proposed Mossburn development has crucial strategic implications.

It raises important questions about planning procedures, site construction and the use of raw materials from the North Sea.

The cost of the cracker is put at £300m, but downstream facilities may increase the ultimate on-site investment to more than £1,000m.

Apart from an improvement in on-site performance, the working party says that the Government should do its best to smooth planning and consent procedures, which represent a "substantial hurdle" facing companies wishing to build major projects.

On the subject of feedstocks, the working party urges the Government to take an early decision to proceed with a North Sea gas-gathering system, now the subject of a study by Mobil and British Gas.

Government could also help to create a favourable climate for investment by its public statements.

The working party says it is concerned at the increase in imports, especially from the United States, where manufacturers enjoy artificially low energy costs.

Earlier this year, the working party held a day-long session to resolve its disagreements. These related in part to a proposed meeting with Sir Keith Joseph, Secretary of State for Industry. This was not held—but the report says that a meeting to discuss government policy is being considered.

Petrochemicals SWP Progress Report 1980. Nedo Books, 1 Steel House, 11 Tot Hill Street, London SW1H 9LJ.

John Huxley

Plastics processors set target for 25pc increase in output

Plastics processors have been set four targets which could increase their output by a quarter to £4,000m a year.

A sector working party report, prepared for the National Economic Development Council, says that the industry could double exports and halve imports in some areas, raise added value by 30 per cent and increase plant use to European Community levels by the early 1980s.

Exports in 1978, the last year for which figures are available, totalled £394m, about 65 per cent up on 1975. On the same basis, imports were £369m, 72 per cent up.

Although import penetration of the British market has been rising very slowly to 10 per cent by value, United Kingdom manufacturers have also been increasing their share of the world plastic components market. In 1978 it amounted to 7.1 per cent.

Employment in the industry, which is highly diffuse, has remained stable at about 160,000.

Much of the working party's efforts in recent months have been devoted to increasing the efficiency of the industry. The most recent figures suggest that productive efficiency increased by some 30 per cent between 1975 and last year.

The working party is urging management and unions to consider new methods of production to reduce the present excessive levels of overtime being worked and achieve higher use of machines. It says that in view of excessive downtime (when machines are not being used) it is essential that maintenance is planned and regular. Increasing the use of unskilled craftsmen is also being pursued, in an attempt to overcome demarcation problems.

Plastics processing to produce components for the packaging,

building, furniture, houseware, electrical and automotive industries is a youthful industry. The working party accepts that the industry is still a long way from a distinct identity.

Although the core of the industry comprises some 2,000 specialist companies, there has also been a significant growth within older established industries, such as electrical accessories, automotive, cable and toys.

In this group, also of about 2,000 companies, plastics processing is important in some larger manufacturing operations. These companies frequently do not identify with plastics processing. So the working party has experienced difficulties in monitoring the sector's performance.

Plastics Processing Sector Working Party Progress Report 1980. Nedo Books, 1 Steel House, 11 Tot Hill Street, London SW1H 9LJ.

Problems of product development

By Patricia Tisdall
Management Correspondent

British companies have a patchy record in developing new products, according to a survey issued yesterday by the British Institute of Management (BIM). Some companies are acknowledged leaders with consistent records of innovation, but in many areas "our competitors are better at the vital aspects of development and commercialisation even where our research has given us an apparent lead", the BIM says.

The survey, which covered a sample of 330 companies, found that 94 per cent had launched at least one new product in the last three years. The median for all companies is seven new products, rising to 13 in the coal, petroleum and chemical industries.

Medium-sized organisations were found to be more innovative than either large or small companies, with one in five launching more than 40

per cent of their current product line in the last three years compared with one in ten of the others.

Method and organisation used by companies were examined in the survey but it did not attempt to define the success of the new products developed. It was found that 20 per cent of companies allocated less than 1 per cent of total annual budget to research and development, but in the coal, petroleum and chemicals group 60 per cent spent more than 3 per cent.

It was also found that companies owned by an American parent tended to spend more than British-owned firms.

It is recognized that long term strategic planning is necessary for productive development of new products. The survey found that 90 per cent of companies have some sort of plan for new products, but 62 per cent of these have a

planning horizon of two years or less.

In its conclusions the BIM says that top management should take responsibility for support, organisation and strategy in new product development. "They must also take hard decisions after thorough periodic reviews of new product projects", it adds.

Most new products appear to be derived from in-company innovations or modifications to present products. Only half the sample surveyed were working on innovations from outside the company, and very few were manufacturing under licence.

Ideas for new products were found to arise mostly from within companies with technical knowledge as the most frequent internal source.

Managing New Products is available from the British Institute of Management Foundation, Management House, Parker Street, London, price £7.50.

LETTERS TO THE EDITOR

'Tragic gap' between invention and reward

From Sir George Pickering
Sir, The news (April 30) that Thorn-EMI has decided to withdraw from the medical scanner market focuses attention once more on the tragic gap between invention and its economic rewards in this country. This is regrettably an old story.

The Health Commission asked the Council for Scientific Policy, of which I was then a member, to look into it. They also asked Lord Rothschild who recommended a closer relationship between the universities and the research councils on the one hand and the service departments of government on the other. Unfortunately, this was not the fault.

As the present instance the fault was between scientific invention on the one hand and manufacturing industry on the other. Everybody that has examined the question has agreed that the British are as inventive as any people but that British industry habitually fails to exploit their inventions and innovations. So the profits that should come to us go elsewhere. And so we become relatively poorer. And the vicious circle of inadequate support for health and social services, education and the arts goes on.

It is difficult to think of a more outstanding and tragic example than the present case. Here was the greatest practical advance in diagnostic medicine

of this century—all doctors were agreed on that. It was a British invention developed by a field leader in its field; and yet it failed. Why?

The fact that this has happened so many times before suggests that there must be a profound and persistent fault. Long standing interest has convinced me that the fault is an attitude of mind. As a nation we are not now interested in the creation of wealth but only in its distribution and consumption. As a head of an Oxford college was appalled by the rarity of good, young people wanting to take up careers in industry and commerce. For every one who did, there were more than twenty who did not and most of these were the most intelligent. Moreover the relationship between university scientific departments and industry was a distant one, unlike the situation in Switzerland, Germany and the United States.

It seems to me self evident that unless we attract a reasonable share of our best brains into the creation of wealth, we must expect poverty and all that springs from it. But how unnecessary, and how much posterity should blame us. GEORGE PICKERING (former Master of Pembroke College, Oxford, 5 Horwood Close, Headington, Oxford OX3 7RF.

Insurance and building societies

From the Rev John Ticehurst
Sir, Some while ago the commercial link between building societies and insurance companies was loosened, so that house-buyers might, in theory be able to insure their property with a company of their choice. In theory. When notified last week of a 17 per cent increase in premiums—not for any extra capital cover, but just to stay in the same place—I asked for permission to insure the building with the firm which covers the contents.

I may do it, if they agree first that the company is "geographically accessible" (a lovely phrase in these tiny islands which can mean anything or nothing)—but that if I do shall be "fined" an extra 0.25 per cent on the outstanding balance for my wilfulness. In other words I can choose between being overcharged by the present company, the commission from the Building Society grows fat on, or pay a extra £50 a year to them for not insuring with them.

This agreement, the building society tells me, was set up with the Office of Fair Trading. Give me the Mafia any day. Yours faithfully, JOHN TICEHURST, 3 Weston super Mare, Avon.

End of the Doxford marine engine

From Canon Emeritus of Durham Cathedral

Sir, The letter which you published on May 1 from Mr L. G. C. Curran, board member, engine building and general engineering, British Shipbuilders, was most interesting. However, it was not entirely convincing.

"Efforts to sell the Doxford engine", I quite agree that those efforts were, for the most part, unsuccessful. It was extremely difficult for owners to place orders for the Doxford engine when it was widely rumoured both at home and overseas that before long the engine would cease production.

At the same time there was keen competition with the Sulzer engine. I do not wish in any way to criticise the Sulzer engine—but of course it is built under licence and for that payment is expected to be made. Mr Curran in his letter does not really say why it was decided at this time to cease production of the Doxford engine which embodied a vast development in fuel saving—a very important matter in these days. It was good to learn from Mr

Curran "that these are no proposals". Forty years of close touch with the River Wear makes it ever more plain that the inherited skills of Sunderland could not easily be transferred to the Tyne which is very different region in regard to shipbuilding and marine engineering.

Yours faithfully, GORDON HOPKINS, Canon Emeritus of Durham Cathedral, 3 Querry Head Lane, Durham, DH1 3DZ, May 4.

Ownership rights to minerals

From Mr R. T. Arguile

Sir, As one who has personally been involved in negotiations for open cast coal sites, I can wholeheartedly endorse the comments made by Mr Snelling, Secretary of The Mining Association of Great Britain (April 29).

When many of the larger landed estates were sold off and broken up, the mineral rights were often severed from the surface title. Many a farmer had no idea if he owned the former and found he did not. While it was possible to establish the ownership of the surface within 10 to 14 days, it often took months to trace mineral ownerships and, in one case near Alfreton, for a 100-acre piece of land having one surface owner the mineral title had become fragmented by succession of title such that 30 owners had to be dealt with who eventually received the magnificent sum of £2 each and for which the overall legal costs were £180.

The minerals concerned were brick-earths and fireclays of dubious commercial quality associated with the coal (owned by the NCB) but they were minerals that could never be commercially exploited by their owners because of their depth, commercial value, lack of

planning consent and requiring access through the surface owned by another party.

But as mineral owners they had a right and had to be dealt with tediously over a very long period of time. Prior to the passing of the Open Cast Coal Act 1958 the position was that, in the winning of open cast coal, the owner had the right to make a prospective claim to any mineral he owned and claimed to have been disturbed and damaged. Some did but could establish little claim as to value for the reasons above of access, depth, etc.

These minerals can only be reached when a more valuable mineral is to be exploited which covers getting down to them or through them. It is a little absurd that the exploitation of a mineral often worth forty or more times in value should be subservient to a mineral of very little value. But when one discovers that the last known owner was killed on the Somme in 1915 and that the title to his minerals has now passed to many more descendants in 1965 it does become a little difficult to trace them. Title of the surface land rarely gives any indication as to mineral ownership and if severed, none as to mineral ownership succession.

Yours faithfully, R. T. Arguile, 12 Edward Road, Market Harborough, Leicestershire LE16 7AD.

From Mr P. C. Ormrod
Sir, The Country Landowners' Association represents the interests of owners of undeveloped mineral rights and it is well aware of the problems highlighted by previous correspondence. Since the future supplies of minerals from over-

seas are no longer so secure the need to explore or re-examine the mineral fields of the country is of greater importance.

The developers are first face with the problem of locating the mineral fields of the country is of greater importance. The developers are first face with the problem of locating the mineral fields of the country is of greater importance. The developers are first face with the problem of locating the mineral fields of the country is of greater importance.

Before having recourse to the Acts developers must show that they have made a real attempt to find and reach agreement with the owners. This is always the case. The use of the Acts means an expensive and time consuming submission to the High Court, a procedure which may require revision.

The winning of minerals in two stages, exploration and working. Exploration over wide areas is obviously in the national interest and if owners would oppose it, the working will be confined to small sections of the exploration area and at this stage the mineral owner, the surface owner, the neighbour, the local community, conservationists and others will all wish to consider in detail the proposal.

Some developers do not appreciate that in this heavily populated country their work cannot progress at the pace they happily experience in the wastelands of other parts of the world.

P. C. ORMROD, Chairman of the Country Landowners' Association, Minerals Working Party, 16 Belgrave Square, London SW1X 8PQ.

Bank on Grindlays

around the world

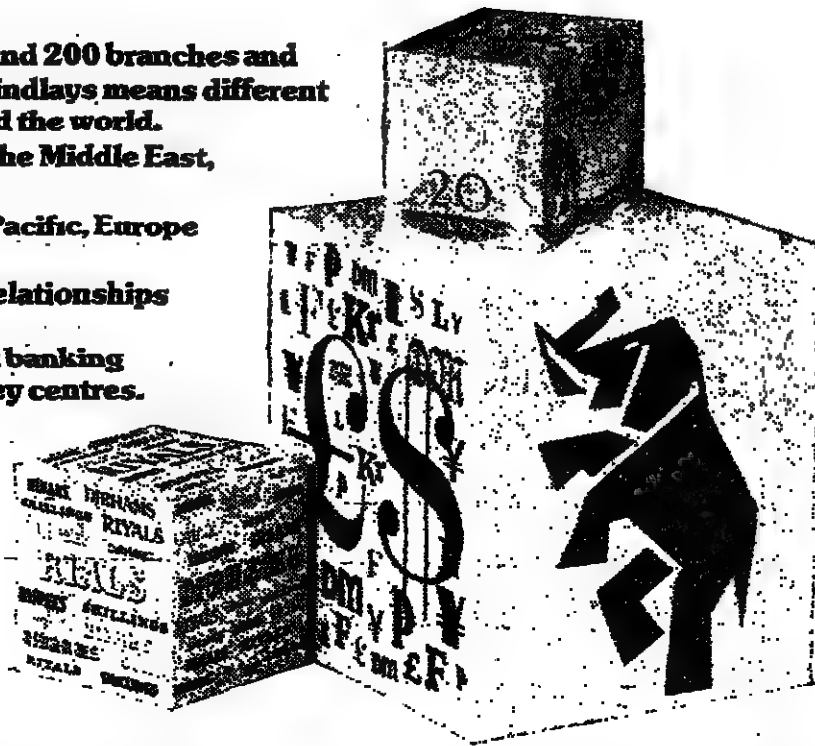
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مَكْتَبَةُ الْأَصْلِ

BY THE FINANCIAL EDITOR

Help from the Bank

Gilt proved remarkably resilient yesterday in the wake of the Chancellor's dampener on hopes of an early cut in MLR and the rather disturbing bank lending figures for April, though not resilient enough to attract more than a relatively modest application for the new 1992 stock.

Of course, the Bank itself was partly responsible for steady nerves with its parallel decisions to cancel next week's scheduled recall of £500m plus from the banking system in the form of special deposits and to defer yet again the unwinding of its £1,000m gilt edged sale and repurchase agreement with the clearing banks.

How long we will now have to wait for MLR to come down is a matter of conjecture. April banking figures may have been a quirk, but the authorities are probably going to want to see at least two more months' figures before they make any judgement. Although the present money market tightness need not in itself rule out a cut in rates, the authorities would probably prefer to see a "clean" situation before they make any move.

Meanwhile, Mr Nigel Lawson, Financial Secretary to the Treasury, was busy in Bournemouth telling building society chiefs what a splendid job they were doing but warning them that a Tory government would not appreciate them becoming over-competitive in interest rate terms.

The penalty they might have to pay for would be to be pulled into the central framework of monetary control. The warning was doubtless intended as one for the longer term. But with hopes of an early cut in MLR deferred and societies muttering about raising their rates, there is a short term message there as well.

British Sugar

Questions for the future

Interest charges almost doubled to £6.54m, have caused a slight fall in pretax profit to £3.8m at British Sugar Corporation.

Everything would have appeared better if BSC had not honoured its promise to compensate farmers to the tune of about £5.2m in a full year for the lower revenue they would otherwise have received through the green pound.

Any fall in interest rates; a more equitable share between farmers and the company of the "B" quota levy; and greater efficiency from the £150m capital investment over the last few years would mean that BSC is competitively placed in the medium term, although this year's profits may be some £11m below last year's £40m.

The extent to which this competitiveness is realised will largely depend on the EEC's quota negotiations, which are unlikely to be decided during the current beet campaign.

The consequent uncertainty about BSC's future raises the questions of whether Berisford will increase its 10 per cent stake and whether the Government will take the chance to sell its 24 per cent holding. On a historic yield of 6.1 per cent and a p/e ratio of 3.6, though, the market rating at present would seem to make any State disposal unattractive—unless, of course, it was to Berisford, though that company has denied any predatory intentions.

LMS Lord Rayne reorganizes

In an arrangement that bears many of the characteristics of his property successes of old—a close alliance with big institutional investors and the good sense to give all involved something to put about—Lord Rayne is reversing his family and charitable trusts' interests in London Merchant Securities into a small investment trust while at the same time managing to retain a controlling stake in his master company.

Westpool, an investment trust two-thirds controlled by four institutions, will be presented with a 50.3 per cent interest in LMS in return for the issue of 67 million shares

which will leave Lord Rayne controlling 57.3 per cent of Westpool.

The shares will come from the Rayne interests and Millrayne, a private group controlled by Lord Rayne and the S. Pearson group. For Pearson the scheme allows the sale of half the shares it would have received in Westpool so raising £15m and allowing it to get out of a fairly illiquid investment.

Similarly, the arithmetic of the deal appears to leave existing Westpool shareholders well off. They are being given the option to stay with the new vehicle which though not an investment trust is promised an exciting future by Lord Rayne. Or they are being allowed to cash in their investment on the basis of the trust's 143p net asset value.

For Lord Rayne himself, the benefits are not quite so apparent. He talks soothingly of the need to broaden the institutional base of the LMS shareholdings which his heavy personal stake has prevented in the past but at the same time discounts any fund raising intentions to finance the group's burgeoning North Sea involvement. The unanswered question is *cui bono* while the terms of the proposals make little effort to arrive at a realistic underlying value for the LMS shares.

Royal Bank of Scotland

The market was expecting more

Interim results from the Royal Bank of Scotland could not have been more disappointing. The market was looking for as much as £70m; in fact profits are £51.75m against £41m.

The banking company's own profits in the six months to March were up by 29 per cent to £44m which compares to a rise of 70 per cent for domestic banking profits of the English clearers. The periods are different but close enough for comparison. During the period the average base rate was up by almost four points to 16.25 per cent.

Rising costs and added pension provisions are the main explanations at Royal Bank. New pension provisions were £3m, losses on gilts amounted to £2m while profits of the finance house subsidiary were down by £1m. Moreover, wage awards in Scotland totalled 26 per cent against around 17 per cent in England. If these were added back, profits would have been within sight of the more modest City estimates.

So, although the dividend is up by a useful 40 per cent, the shares lost 5p yesterday and now stand at 81p. Here, they yield 6.6 per cent historically, probably rising to over 8 per cent this year, while the prospective p/e ratio is probably around 31. This offers no more than can be obtained from the shares of larger and more diversified clearers.

● Offers for sale have rarity value nowadays. But investors should pause before applying for shares in Peerless—the Birmingham company in which Singer & Friedlander is floating a quarter of the equity.

Peerless itself is sound enough. Its traditional brass stampings business now accounts for less than 15 per cent of profits and the group has developed some exciting operations: Randall Electronics which has half the British market for central heating timers and a fast-growing plastics division.

Profits rose from £992,000 to £3.28m in the four years to March 1979 and not less than £3.8m is forecast for the year to last March. This solid record and good local reputation is being sold on a yield of 9 per cent and fully-taxed p/e ratio of 7.1 at the offer for sale price of 100p. Prospects—brass components apart—apparently remain encouraging.

The rating looks reasonable. The worry is that the motives for going public are essentially negative: Some members of the founder families not involved in the running of the business want to be able to get their money out.

The impression is that the directors, who with family still retain two-thirds of the equity, are coming to the market rather reluctantly. On past precedent, this does not bode particularly well for a public minority.

Why 'bank liquidity' is raising hackles in the City

The Bank of England as the supervisory authority is trying to minimize the risks, but by doing so it puts in jeopardy the profitability of the banking industry

Representatives of the British Bankers' Association will meet Bank of England officials on Monday to discuss what, to outsiders, may seem an arcane issue, but is one which goes to the heart of the banking business.

On the table will be a consultative document prepared by the Bank of England on how banks should manage their cash so that they can be certain to repay deposits when they fall due.

In the elegant boardrooms of the banks and around City lunch tables a solid common front has gradually emerged against the Bank's proposals on liquidity. Loaded words, including the emotive term *dirigiste*, smacking of state control, are being heard. Some bankers talk of confrontation.

What the banks resent is as much the stricter supervision of the business arising from the requirements of last year's Banking Act as what, at this stage, is only a consultative document open for discussion and certainly containing some glaring anomalies. This paper follows an earlier and less contentious one on the regulation of foreign exchanges and is part of comprehensive regulations on the structure of banking.

This is the first time that the Bank of England has intervened so vigorously in what was regarded as the preserve of management, one leading banker commented. "We want to see the Bank over the paper on foreign exchange and told them of our fear of interventionism and an official reply: 'You are right that is what we mean.' This time the alarm bells have sounded louder and the fears have crystallized around the document on liquidity."

Bankers have described it as "mechanistic" and "over academic" and have expressed their anger in other ways. One, for example, said that the Bank was "frighteningly" wrong. They don't understand how the markets operate.

The Banking Act itself has come in for spirited attack, recently expressed most graphically by Mr Walter Salomon, chairman of Rea Brothers, one of the Accepting Houses which form the inner ring of merchant banking. The paper on liquidity has drawn most of the fire perhaps because it is most open to criticism.

The traditional way of looking at bank liquidity is to assess the level of its cash and readily salable assets as a proportion of its deposits. This definition lacks, however, the crucial element of timing. A bank may meet all the formal requirements on liquidity and yet have borrowed too short and lent too long and thus be unable to repay its borrowings. This is what happened recently to First Pennsylvania.

The sooner money is due for repayment the more liquid a bank has to be. In its document the Bank of England attempts to draw a general framework for the whole industry.

The Bank proposes two categories of liquid assets. The first, which it calls "Primary Liquid Assets", includes cash and assets which can always be turned into cash because the authorities are prepared to buy them on demand. These include balances with the Bank of England, call money with the discount market and Treasury Bills. It is suggested that the average level of primary liquidity should be 40 per cent

of the overall liquidity requirements.

The second category is what the Bank calls "Secondary Liquid Assets", which are made up of cash and near cash resources. These include market loans to other banks for up to one month, certain fixed interest stocks and certificates of deposit of up to three months.

The Bank further distinguishes between three types of deposits and suggests different levels of liquidity for each, according to type and date of maturity. At one end there are what the Bank calls "maturity uncertain" deposits made up of current accounts and deposit accounts repayable at short notice. For these the liquidity cover need be only 25 per cent. For non-banking deposits, the proposals for liquidity cover range from 5 per cent for deposits of over a year to 90 per cent for deposits of up to eight days. What have, however, raised most protest are the proposals affecting deposits from the banking system itself.

Gross market deposits from banks of up to one month are expected to have a 100 per cent liquidity cover. The Bank argues that unless this was done some banks could create illusory liquidity through inter-bank transactions, a device also known as "dressing up" a balance sheet. The snag as the banks see it is that these wholesale money market deposits are the bulk of deposits for most non-clearing banks.

As far as inter-bank deposits go, criticisms centre on several issues. Commercial deposits which require lesser liquid cover are given better treatment and this could create unwieldy discrepancies in the markets. The 100 per cent liquidity requirement means that if a bank borrows £100 and lends it on for a matched period, then it would need to hold £40 in Primary Liquid Assets, which if borrowed would in turn require a 40 per cent cover. As Mr Peter Wood of Barclays Bank International points out, a bank might then have to borrow £160 to lend £100.

The question of so called roll-over loans where a period is fixed but the rate is adjusted at fixed intervals could create tricky problems. If, for example, a bank lends £100 for two years on a three months roll-over basis, a not unusual occurrence, and finds it by taking three month deposits from the money market then it would immediately have to hold £50 in low yield liquid assets—the proposed liquid asset cover for this type of deposit—for the first two months and the full £100 for the last month. In certain circumstances the cost of borrowing could exceed the income from lending.

London-based foreign banks and branches of overseas banks supervised by the Bank of England feel particularly aggrieved because they would be badly affected in their sterling

business. Some have said that they might consider moving their business out of London—too brave words perhaps, for under the impulse of the Bank of International Settlements more uniform banking regulations are likely internationally. Significantly, Mr Peter Cook, who is in charge of supervision at the Bank of England, also chairs a supervisory committee at the Bank of International Settlements; and one reason for the present British proposals is the need to harmonize EEC regulations.

Critics scoff at the liquidity coefficients being suggested. "It is like taking an off-the-peg suit and thinking it will fit everybody," commented a foreign banker. The suggestion that common figures are appropriate to every bank whatever its type of business are widely rejected.

The Bank of England is in a dilemma. It is clear that the same liquidity figures cannot possibly apply to every bank. And, even within individual banks, figures need to be adjusted according to circumstances. But in its attempt to supervise the system the bank needs to find some common denominator.

The difficulty is that the aims of the banks and of the Bank of England are to some extent mutually exclusive. Banking is a risk business in most of its aspects; banks have traditionally lived or died by mismanaging assets and liabilities in borrowing short and lending long. The Bank, as the supervisory authority, is trying to minimize the risks, but by doing so, it puts in jeopardy the profitability of the banks. The more controls, the more difficult it is for banks to make money.

A solution will eventually be found to the problems of liquidity, but the wider implications of new regulations could lead to a long drawn out guerrilla war.

Roman Eisenstein

Technology

Shipping made safer—at a glance

Bill Johnstone

Political pressure is mounting throughout the world to bring the shipping industry into line with the disciplines forced on other transport industries, particularly aviation. Spillages, collisions and groundings have irritated those countries vulnerable to such accidents.

A new British design which could help to bring some semblance of order out of the present confusion in the field of marine communication and traffic control is now under test.

The system, called Seaview, is based on the Prestel videodata system adapted to provide data on a television screen for the mariner over a radio-telephone link.

The first prototype was tested last year off the coast of Dover. The Post Office, the Home Office, the Department of Trade and Industry and the numerous organisations at home and overseas involved in shipping had all to be included in the collation of the information necessary to provide the service and the basic project management.

Unlike any other form of prototype testing, which could be conducted in the privacy of a laboratory testing of the Seaview (which was designed by Siemens and Computer Analysts and Programmers in cooperation with several government departments) require the cooperation of those who controlled the radio frequency

networks, issue the data to the marine industry and those who work and operate in the business.

The concept is simple. Based on the facilities of Prestel, it gives mariners immediate access to information which is easily available to anyone on shore.

The very scale of a ship today is comparable to that of a warehouse or a processing centre. No management of such on-shore premises would be limited in any of the communication or computational facilities which would assist them in control of their business.

Satellite links

But in the age of transworld communication the ship today, apart from its radio or radio telephone link is incommunicado. The communication equipment aboard an aircraft is vastly superior to its equivalent at sea.

The new system will provide, via HF, VHF and satellite links, information at the touch of a button or ports of call, the procedures for entering such ports, the documentation required and information about weather and on safety matters.

It is this latter which will be a big attraction of the new design, since the time taken at present to update certain navigational information can be

measured in months. With the Seaview system hazards to navigation can be entered on to the files in a matter of seconds, to be made available to any mariner anywhere in the world.

If ships were to submit a ships navigational plan to a central authority, similar to that of a flight plan, and check in at certain times or longitude/latitude intersections then a system like Seaview would be necessary.

The system has 160 pages on file at present which will grow by a factor of 10 before the next test. That test the CAP-Siemens partnership hopes will take place later this year with a link between Dublin, Clyde-side and Mersey via HF, VHF

and satellite links. A request for government funding to continue the testing is being prepared by the partnership for presentation to the relevant government ministers before the end of this month.

Hazardous cargo

The scale of data available instantly to the mariner, the dockers or marine service workers could have an immediate impact. Though English is the principal international communication language, virtually all files can be readily translated by the computer system into the requested language of the user. Information on hazardous

cargo with its international codes for poisonous, radio active or toxic merchandise can be easily made available, as could all information on how to handle spillages or fires. About 30,000 such dangerous commodities including explosives, inflammable substances and liquids are registered with the appropriate authority in Europe—the Intergovernmental Maritime Consultative Organisation (IMCO). Only a computer system can easily manipulate data on such a scale. The CAP-Siemens partnership is only too aware that the Japanese have their viewdata system Captain, the Canadians theirs in Telidon and that the Americans and the French are very active. The first system established could be the world leader overnight.

Business Diary: In vino prosperitas

Villefranche, Central France
What the locals hereabouts, in an untypical outburst of Franglais Newspeak call "le boom de Beaujolais" is a remarkable commercial achievement.

It takes something, after all, to transform a region blessed in business terms with little else but the ability to grow vines, from a depressingly familiar picture of rural depopulation into an active and prosperous exporter of wines, selling about 130 million bottles a year.

The inhabitants of Beaujolais will tell you, with a sincere tear in the eye, that the world loves its wines, because they are, and I quote from a particularly florid grower of primers in the south, "part of the spirit and joy of man."

Others will speak of the troubles of 1969, when the Souchon and middle class French felt the ground shake under their feet. Such tremors were followed, French marketing men say, by a marked consumer move into the good things of life—expensive food



Fields near Fleurie, home of one of the Beaujolais grands crus.

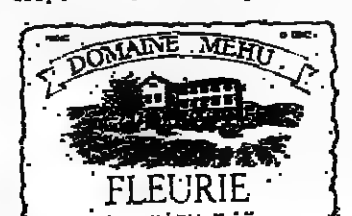
want to inflame members of the National Farmers' Union any more than necessary, but it has to be pointed out that this is one part of the world where the small—as small as under 15 acres—private agricultural unit has been nurtured and encouraged until it is now more successful than ever. And all this in France where inefficient farming has become a byword.

The area south of Villefranche is where most of the Beaujolais wine with which the United Kingdom is familiar originates. The nouveau, shipped in November to be drunk young, was hardly known outside France until someone in the early seventies inaugurated the Beaujolais Race, an unlikely contest to get the first nouveau back to Britain.

Few of the participants in this noisy cavalcade are likely to be aware that 20 years ago the south of Beaujolais faced the loss of the bulk of its vine-culture.

The families of the small private holdings were leaving to find industrial jobs in the

cities and the living was proving little better than that of a peasant farmer. At this stage the French government stepped in, encouraged the creation of cooperatives and helped them



to start their own fermentation centres by making grants available. The cash flow problems for the cooperatives were sorted out by leaving the whole of the marketing and distribution problem to the *negociants* (shippers) who pay the growers instalments on the year's crop at two monthly intervals. The *negociants* opt to wait for up to six months for a return on their investment and are rewarded by control of the product from an early stage.

An important part of such a set-up is a low prime rate—in the case of France 13 per cent, up four per cent on a few months ago. With wine stocks increasing in value at 14 per cent annually that leaves a narrow margin of profit, but it is infinitely more preferable to the situation previously facing the area. Then, small growers expected to earn production in the south and let the land lie fallow. Today, there is not an inch of Beaujolais soil capable of growing a decent Gamay grape which is not being used for just that purpose.

● Both formidable and formidable, Mlle Marguerite Chaberte is, at the age of 81, the only woman president of a wine growers' cooperative in France.

Scourge of *negociants* and the producers of lesser wines alike, she reigns over the region of Fleurie, north of Villefranche and home of one of the most expensive crus in the region.

"Je suis Madame La Presidente" is her normal opening sentence and the late De Gaulle must have been glad to reveal her name for the record, that was in 1945.



Partial as she is to discussing world politicians, Mlle Chaberte prefers to argue the business case with local shippers. One such *negociant* sat patiently next to her during dinner at Fleurie and endured a battery of complaints about how the shippers were bleeding the growers dry.

"Madame La Presidente, you have been making that point since you became a *negociant*," said the man, near

David Hawton



The Royal Bank of Scotland Group Limited

Interim Results

Six months ended 31 March 1980

	6 mths ended	6 mths ended	12 mths ended
	31.3.80	31.3.79	30.9.79
Profit before taxation	£51.8m	£41.1m	£96.6m
Profit attributable to ordinary shareholders	£34.6m	£26.6m	£81.2m
Earnings per 25p ordinary share	14.8p	11.8p	27.3p
Dividend per 25p ordinary share	2.20p	1.52p	3.92p

Extract from Interim Statement by the Chairman, Sir Michael Herries

The unaudited profit before taxation for the six months ended 31 March 1980 on a historical cost basis amounted to £51.8 million compared with £41.1 million in the corresponding period last year; an increase of 26 per cent. After adjusting for the effects of inflation the profit before taxation on a current cost basis was £28.0 million and for the corresponding period last year £27.9 million.

During the six months to 31 March 1980 the Group has benefited from increased volumes and high UK interest rates—average base rate was 16.25 per cent, compared with 12.14 per cent for the same period last year, but these have been partly offset by the narrowing of margins on both domestic and international business. Operating costs have risen more sharply than the rate of inflation, in particular provisions for pensions. The increase of 13 per cent in the share of profits from associated companies was mainly due to improved results from Lloyds and Scottish Limited and Yorkshire Bank Limited.

After charging taxation and preference dividends and taking account of extraordinary items, the profit attributable to ordinary shareholders for the half-year ended 31 March 1980 is £34.6 million on a historical cost basis and £10.9 million on a current cost basis.

The Royal Bank of Scotland Limited WILLIAMS & GILLY'S BANK LIMITED

FINANCIAL NEWS

Stock markets

Gilts hit by MLR statement

Reaction to the Chancellor's announcement of no imminent cut in MLR was fairly predictable yesterday: the market spent all day sulking.

Most sections followed the lead of gilts which retreated from the start, helped by occasional nervous selling. Again the one exception was oil, particularly the more experienced second liners, which experienced further decline.

But most attention was on a rather crest fallen gilt market, where dealers and investors had been looking forward to a cut in MLR this week. So the Chancellor's overnight statement that interest rates would not fall in the near future came as a shock.

Prices were marked sharply lower at the start of trading and eased even further on the appearance of sellers, particularly at the short end. Here, falls of about 1½ had soon been extended by a further 1½, as investors took a further close look at their yields and decided the grass was greener elsewhere.

So with an absence of foreign buying to help prop things up prices showed losses of between 1½ and 2½ at the close.

In longs, the damage was a little less severe although signs of a rally midway through the session soon faded and falls of around 1½ were eventually registered.

Applications for the new "top" Treasury 13½ per cent 1992 were all allotted in full with dealing expected to begin today with only a small discount.

As a result, equities had another depressing time, saved only by another strong performance in oil where the speculative element attracted heavy institutional and overseas support. This was eventually

Airfix Industries will report on the year to last March some time in July. It is still battling to sell its Mecano factory and recently gave away Airfix Footwear. Some still hope for useful profits and dividend this time, but neither seem likely. Only a token dividend is in prospect. The shares are 14p.

reflected in the FT Index, which after falling 3.9 at 11 am, recovered slightly to close 2.7 off at 4367.7.

Distillers was the main feature in a dull blue chip sector with the price dipping 6p to 202½ as reports of redundancies among the work force began to filter through. The story elsewhere was slightly better, and although little selling was reported the absence of buyers pushed prices lower. BAT fell 5p to 246p accompanied by Unilever 3p to 410p. Falls of 2p were

also noted in Rank Organisation at 196p, and Beecham at 117p, but stronger performances were put up by ICI at 378p, Glaxo at 196p and Fisons at 287p—all of which were unchanged.

In oil, BP closed only 2p easier at 332p after its annual meeting. Shell rose 6p to 354p and Ultramar, with figures due today, climbed 20p to 682p.

But it was the speculative second liners which attracted most support with Tricentrol 12p higher at 352p, Burmah 6p to 211p and Clyde Petroleum 13p to 500p.

Further bid rumours attracted buyers into Lasso, which closed 40p heavier at 633p, while favourable comment presented Berkeley Exploration with 22p rise at 165p, and KCA International 5p better at 831p. Further optimism over its drilling operations in Hampshire saw Carless Capel firm another 4p at 138p as its partner in the new venture Candeca improved 5p to 157p.

The big four clearing banks were left mostly unaffected by the Chancellor's statement but drifted along with the rest of the market. Midland was the worst hit, falling 6p to 335p, as Barclays shed 2p to 426p, Nat West 3p to 325p and Lloyds held firm at 295p. While jobbers reported that the Bank of England's decision to cancel next week's recall of special

deposits did little to help, it did provide a slightly firmer tone. But even that was not enough for Royal Bank of Scotland which tumbled 5p to 80p following some disappointing interim figures.

However, high interest rates continued to upset discount houses, where prices continue to slide. Among those hardest hit by yesterday's MLR announcement were Union Discount 10p off at 412p, and Clive Discount 2p lower at 36p.

Observers believe the recent poor figures from takeover favourite Mullins-Dewar have left the group exposed for a bid. Speculators were quick to react yesterday as heavy new-time buying pushed the price up another 3p to 61p. Shares of the group going ex-dividend on Monday.

Further gloom arrived with the full-year figures from Securicor Marshall & Camion which saw the shares tumble 15p to 235p.

Properties held up fairly well to the prospect of continuing dearer money and falls were restricted to just 2p in the case of MEPC at 215p and 5p in Hammerson "A" at 875p.

A bullish annual meeting saw support for Bestobell, 5p harder at 245p, but a profits warning at Lex Services clipped 5p from the shares at 79p.

Speculative demand saw rises in Polly Peck, 8p to 37p, Pifco "A" 7p to 133p, Hall Bros 4p to 160p, Centenary, 5p to 137p and Spear & Jackson, 6p to 114p. Buying in a thin market also boosted A. Caird 10p to 148p, but profit taking left RK Taylor 11p off at 155p.

In foods, interim figures from British Sugar were judged satisfactory and the shares held firm at 181p while Sainsbury, which reported earlier in the week, also held on to gains at 320p.

Equity turnover on May 7, was £85.141m (13,315 bargains). Active stocks yesterday, according to the Exchange Telegraph, were, Lasso, Burmah, Tricentrol, Ultramar, P & O, BAT, GKN, Messer, Charzwell, Beecham, Cawoods, Turner & Newall, Consolidated, Gold Fields, Allied Breweries and Coral Leisure.

Serck looks again to the US

By Philip Robinson

American expansion moves are expected to be announced soon by engineering group Serck, the Birmingham-based valve maker which was on the receiving end of a £35m takeover bid from United States giant Rockwell International until last month.

Its first attempt at a United States venture failed through in November 1978.

Mr John Pinckard, chief executive, just back from 10 days in America said: "I have been talking seriously to various people about joint ventures in the high technology field for certain of our products."

"We took a decision some time ago to go up market with some product lines, but I cannot tell you which they are; it would be giving too much away. We hope to make an announcement in the not-too-distant future."

It was Serck's plan to enter the United States market for valves which first attracted the unwanted Rockwell bid. Last month it dropped takeover plans after legal intervention by the United States Justice Department.

Mr Pinckard said at that time that there were anti-trust implications.

The shares were a shade easier yesterday at 52p, despite a 140 per cent rise in first half profits to £1.2m.

Since the last year end, Serck has re-organized or closed a number of loss makers which had been running at a combined loss of around £1m.

In tapping institutions through KCA-Offshore Drilling, Serck expects to at least maintain the gross total for the year at 4.85p to give a yield of 9.3 per cent.

Recovery in bearings boosts Ransome Hoffman

By Richard Allen

With a strong pick-up in its long-suffering ball-bearing business, Ransome Hoffman Pollard has managed to lift profits in the six months to April 28, above those of the whole of the previous year.

A pre-tax total of £5.9m compares with a previous first-half figure of £2.2m and a 1979 full-year total of £5.3m.

The improvement came on an overall sales rise of just 18 per cent to £59.6m. Although the fast-growing electricals division and the fasteners operations performed strongly, their performances were completely overshadowed by a rise in bearings profits from £585,000 to £3.77m.

The result was boosted by

non-recurring profits of £733,000 on special stock disposals, but RHP also achieved a substantial improvement in margins during a period when volume growth formed only a small part of a 14 per cent turnover increase to £47.4m.

Mr David Ewart, chairman, said yesterday that problems with the group's new foundry in Blackburn had been ironed out, while the group had also been helped by the withdrawal of Textron subsidiary, Fafahr, from the transmission market last year. Although demand continued to decline for the UK automotive industry, volume was maintained at home overseas and the group was able to force up prices in both sectors.

The interim dividend goes up from £2.15p to 2.86p gross.

The aerospace and transmission activities were both particularly buoyant.

The electrical division increased profits by a third to £1.8m, helped by first-time contributions from the Hird Brown and Clifford & Snell acquisitions, while fasteners continued their profits recovery with a 36 per cent profit jump to £342,000.

Mr Ewart estimates that financing the bearings recovery probably pushed up borrowings by £2m to around £21 overall, a figure which compares with £1.8m at the end of last year. The balance sheet at the year end shows a £50m at the balance sheet date, but liquidity remains satisfactory.

The interim dividend goes up from £2.15p to 2.86p gross.

Backers sought for N Sea venture

By Peter Wainwright

Cazenove with Lasso blazed a particularly profitable trail to the North Sea for institutions to tread, several years ago. But even now some institutions still have no interests in the North Sea, and for these late-comers Gary Sebag gave an hour-long lecture to 15 institutions yesterday.

Among them were Phoenix and Legal and General. They listened to a proposition from Mr Colin Orr-Ewing, chairman of Berkeley Exploration, whose spin-off from KCA Drilling was 40 times over-subscribed just over nine weeks ago.

Mr Paul Bristol's KCA is tapping institutions through KCA-Offshore Drilling. Institutions are to get 80 per cent of this company, which will hold four offshore drilling rigs.

Mr Orr-Ewing's proposition was for the 15 to put up some-where between £2m and £5m for 49 per cent of Berkeley Serendia Round Ltd, with Berkeley keeping the 51 per cent. The money would be needed once the group got acreage out of the seventh round allocation.

It may be objected that this proposition is so good that all shareholders in Berkeley Exploration should get an opportunity to subscribe, not just a privileged group. The sums of money are large, and apart from the 51 per cent, Berkeley would get a management fee for running the show as well.

Like the Berkeley Exploration issue, the timing of this proposition is impeccable.

Ewer move upsets Cowie bid

Mr Tom Cowie, chairman of T. Cowie & Sons of Glasgow Ford motor trader, told yesterday that the Stock Exchange was allowing his potential bid victim, George N. Ewer, the Grey-Green coach operator and motor trader, to

put the deal to shareholders in general meeting.

T. Cowie already has 29.9 per cent of Ewer, and early yesterday bought an option to buy another 1,000 shares.

Earlier he looked as though Mr Cowie was activating a bid, but the Stock Exchange decision puts this plan on ice. The position last night was that Cowie would probably have gone ahead with bid terms if the Eastern Tractors acquisition had gone to shareholders for approval, complete with figures.

Then it might, from Cowie's point of view have looked a

good deal. Now that Ewer is to go ahead without a meeting, it is not so sure.

Mr Brian Cox, of Barclays Merchant Bank, said last night that the Stock Exchange rule about the materiality of otherwise of the Eastern Tractors acquisition were quite clear.

For its part, the Cowie camp, advised by Mr John Gillum of Samuel Monagu, is still seeking information about Eastern Tractors.

Cluff Oil has been awarded in conjunction with Canada North West Ltd, Pacific Petroleum and

Northwestern International an exploration permit in the Atlantic offshore Brindisi covering some 150,000 acres. Cluff Oil's interest in the permit is 27.75 per cent and it will act as operator for the permit holders.

Mountfield Group has completed acquisition of Garrison Works, Brixton, near Stockport, Cheshire. This industrial property of some 131,000 sq ft is currently producing a rental income of £47,000 a year. Price £230,000 cash.

Ward White Group has acquired Laing Shoes and Laing Estates for about £170,000, of which 75 per cent was cash. Both trade as foot wear retailers under the name of Laing from two shops in north-east London.

Tricoville: Record interim pre-tax profit 20 per cent up at £501,000 for the six months ended January 19 is reported by Tricoville, which designs, produces and markets fashion-wear. Turnover was up slightly at £4,917m (£4,840m). Mr D. A. Jacobs, chairman, said: "We are confident that the group will again show record profits for the tenth successive year."

Devenports Brewery (Holdings): Turnover for half-year to March 28 rose from £12.2m to £13.2m. Pre-tax profits were up from £507,000 to £586,000, after interest payable of £161,000, compared with £117,000 in 1979. Interim dividend raised from 1.25p to 1.57p gross.

British Investment Trust: Total revenue for year to March 31 up from £6.15m to £8.31m. Earnings per share up from 6.11p to 8.19p. Total dividend for 1979 was 1.12p to 1.11p gross, including special dividend of 1.21p.

Canadian and Foreign Investment Trust: Gross revenue for year to March 31, £737,000 (£675,000). Eps 5.79p (£4.84p). New after charges at par 1.47p (£1.83p). Dividend 5.1p (£4.2p).

S. Hoffmann and Co: Chairman advises shareholders to accept the offer from Burns Philp. Directors are considered "satisfactory in respect of their own holdings."

Options may woo small investor

Mr David Steen, vice-chairman of the Stock Exchange Options Committee, said yesterday that the traded options market would bring private investors back to the stock market, and into underlying shares.

In view of uncertainty about the change in tax treatment for traded options in the Budget, and the start of the new price display system TOPIC probably in October.

This will allow many more prices to be displayed. Mr Steen's hope is that traded options turnover could double by the end of the year from a present average of around 760 contracts, to make the trading value equal to that on Amsterdam European Options Exchange.

LK Industrial tumbles into the red

In 1979, LK Industrial Investments suffered a pre-tax loss of £15,000, compared with 1978's profit of £201,000, including trading losses from discontinued operations of £74,000, against all last time.

Turnover was marginally lower at £4.42m compared with £4.54m. There is no final dividend, leaving shareholders with the interim of 2.14p gross for 1978. LK paid a total of 4.23p gross. The year's results were overshadowed by the losses and difficulties at Kirby Dairford. The board will review the dividend situation as the year progresses.

Porter Chadburn hit by strikes

Hit by strikes, pre-tax profits of Porter Chadburn fell from £1.11m to £774,000 last year. The board comments: "A reduction in the volume of sales, largely engendered by industrial action, has had its inevitable effect upon the year's results."

Sales edged forward from £14.58m to £15.16m. The first quarter's profit was eliminated by the transport strike and that

of that hitherto by the strike of the engineering workers. Although earnings per share are down from 25.83p to 17.67p, the total gross dividend is being maintained at 8.73p.

Government cuts hit Hovingham

Hovingham, the sand, gravel and hard stone group where Wimpey has 25 per cent, says it is feeling the effect of Government spending cuts. As a supplier to the construction industry, fewer houses, less road repairs and insignificant motorway building translated to a 20 per cent profit drop to £3.3m last year on a turnover 35 per cent higher at £61.6m.

Its American investment is still making a loss after tax. The board has hoisted the total dividend 20 per cent to 3.98p, but says profits in the current year are unlikely to be significantly higher. The shares shaded to 70p.

Forecast of £8m profit from Wood Hall Trust

Wood Hall Trust, an investment group, forecast four-year profits up from £7.8m to £8m yesterday as it unveiled interim figures showing an 85 per cent rise to just over £5m. The group says the increased results come largely from the Australian subsidiary, although these will show lower profits in the second half. The industrial holding company whose interests include contracting and estate development, civil and general engineering, and coal mining, expects to record an unchanged gross dividend of 8.87p.

Hawkins & Tipson comes fighting back

Having slumped heavily in 1978, the profits of Kent-based Hawkins and Tipson are starting to fight back. On sales only 16 per cent

greater at £10.12m, pre-tax profits almost trebled, from £127,000 to £358,000 in the half-year to end Feb, after interest payable up from £261,000 to £332,000. In the year to Aug 31, 1979, pre-tax profits tumbled from £1.1m to £27,000.

In view of "uncertain trading conditions" the board is not paying an interim dividend; for last year, Hawkins paid an interim of 1.42p gross, but no final. Conditions for rope and wire rope were difficult, the board reports, but encouraging progress continues to be made in the fields of gardening and leisure.

Small improvement at Bellway

On turnover up from £12.25m to £13.07m, pre-tax profits of Bellway Ltd., based at Newcastle upon Tyne, expanded from £1.74m to £1.83m in the half-year to Jan. 31. Both the interim dividend, gross, as well as the earnings per share are unchanged at 4.28p and 12.7p respectively. Bellway's board reports that the results are considered "satisfactory in the prevailing economic climate."

Cliffords Dairies rights issue

The resolution to increase the authorised share capital of Cliffords Dairies from £3m to £4m was passed at an extraordinary general meeting.

The chairman stated that proxies representing 1,387m ordinary shares—79.3 per cent—had been received in favour of the resolution, which was passed on a show of hands.

Provisional allotment letters are being posted in respect of the 2,431m new "A" non-voting ordinary shares, of 25p each, being issued by way of rights on a 1-for-4 basis, at 66p each, to holders of ordinary and/or "A" Non-Voting ordinary shares. Dealings in the new shares will start today.

Mr E de Rothschild resigns from Rothschild Trust

By Roman Eisenstein

Banking Correspondent

The close links between N. M. Rothschild & Sons, one of the City's leading merchant banks, and the Rothschild Investment Trust are being loosened by the departure from the RIT board of two directors common to both companies.

An announcement yesterday said that Mr Evelyn de Rothschild, the chairman of the bank, and Mr J. Kenneth Dick, a non-executive director of the bank are resigning from the board of RIT. The only remaining link or board level is the RIT chairman, Mr Jacob Rothschild, who is also a non-executive director of the bank.

A statement said that the financial services

could create confusion about the identity of which group is operating in which market. There could also be some conflict of interest because of common board members. Since the bank is being loosened by the departure from the RIT board of two directors common to both companies.

About a third of the portfolio is in stock market investments, another third in a series of companies such as Sotheby's, Royal Worcester, the Savoy Group and Godfrey Davies, and the rest is invested in financial services including Dawson Day, the finance unit trust and insurance group. As RIT expanded the stake of the bank has shrunk and is now only about 8 per cent of the total.

owns 11 per cent of the bank.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

High	Low	Company	Price	Ch'ge	Divid	P/E
99	60	Airsprung Group	55	—	6.7	10.2
30	185	Armstrong Rhodes	275	—	3.8	12.3
275	185	Bardon Hill	25	—	1.0	8.1
100	80	County Cars Pref	80	—	15.3	19.1
101	62	Deborah Ord	93	—	5.0	5.4
114	88	Frank Horsell	114	—	7.9	6.9
128	102	Frederick Parker	101	—	12.8	12.7
153	102	George Rigg	69	—	16.5	15.7
70	45	Jackson Group	69	—	8.5	7.5
153	110	James Burroughs	110	—	7.2	6.6
300	242	Torrey Jenkins	285	—	31.3	11.0
32	11	Torday Limited	222	—	14.3	6.4
80	70	Twinkl 12p ULS	75	—	0.8	5.6
56	23	Unilock Holdings	48	—	2.6	5.4
50	45	Unilock Holdings New	45	—	2.6	—
99	42	Walter Alexander	95	—	4.4	4.6
200	136	W. S. Yeates	200	—	12.1	6.1

* Accounts prepared under provision of SSAP15

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

NICOR Inc.
(Incorporated with limited liability under the laws of the State of Illinois, United States of America)

Authorised 40,000,000 Shares of Common Stock of U.S. \$5 par value 22,198,677
*Including 3,989,044 shares reserved for issue

Issued and reserved for issue at 25th April, 1980*

The Council of The Stock Exchange has admitted to the Official List the above issued and reserved shares of Common Stock of NICOR Inc.

Particulars relating to NICOR Inc. are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 22nd May, 1980 from:

S. G. Warburg & Co. Ltd.,
30 Gresham Street,
London EC2P 2EB

Goldman Sachs International Corp.,
162 Queen Victoria Street,
London EC4V 4DB

Rowe & Pitman,
1st Floor,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA

8th May, 1980.

This advertisement complies with the requirements of the Council of The Stock Exchange.

Federal Business Development Bank
(An agent of Her Majesty in right of Canada)

Banque Fédérale de Développement
(Mandataire de Sa Majesté du chef du Canada)

U.S. \$75,000,000
12½% Notes Due May 15, 1985

The following have agreed to subscribe or procure subscribers for the Notes:

Wood Gundy Limited
Credit Suisse First Boston Limited
Banque Nationale de Paris
Deutsche Bank Aktiengesellschaft
Swiss Bank Corporation (Overseas) Limited

The Notes, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note.

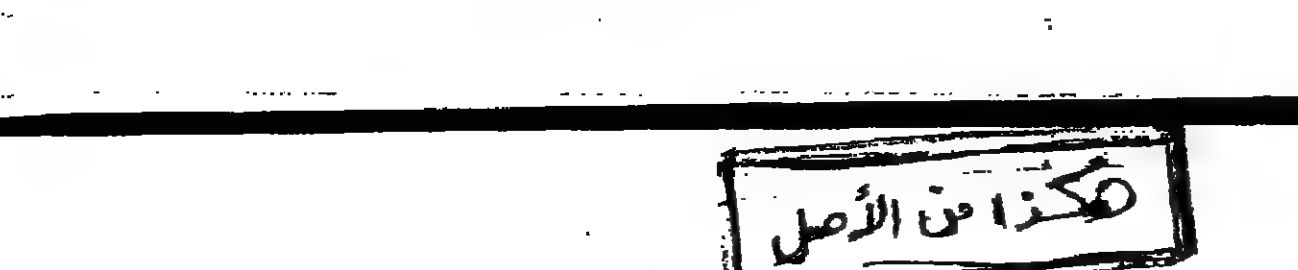
Interest is payable annually on May 15, the first payment being made on May 15, 1981.

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R. Nivison & Co.
25 Austin Friars
London EC2N 2JB

Wood Gundy Limited
30 Finsbury Square
London EC2A 1SB

May 8, 1980



Peter Waymark

continued on pages 17 and 18)

